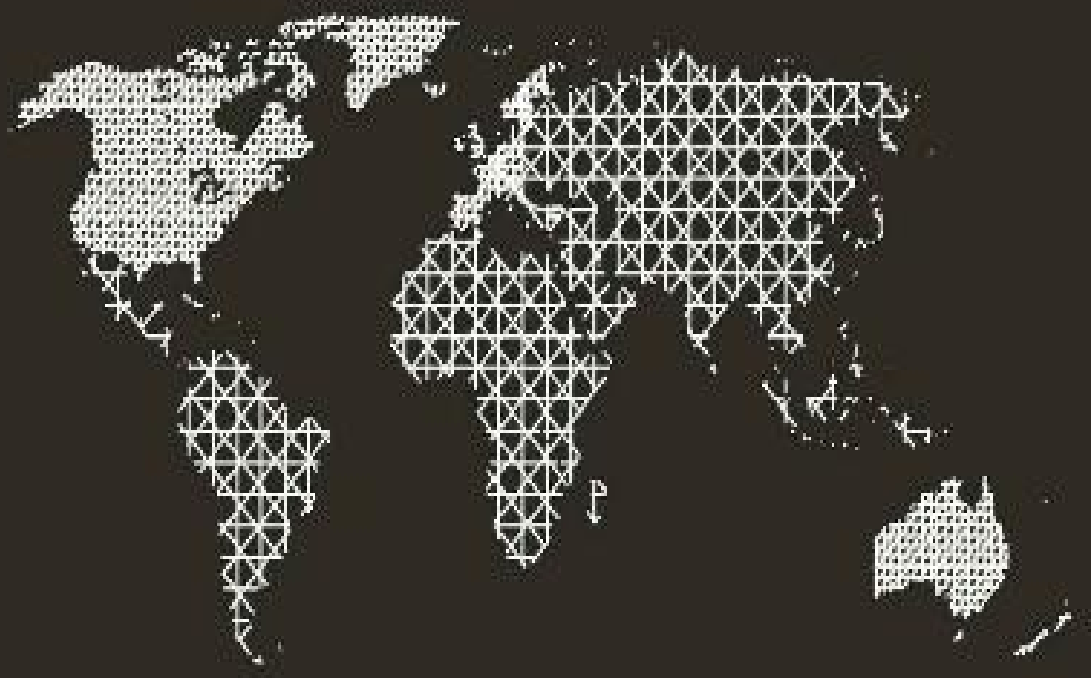
second edition

Divided World Divided Class

Global Political Economy and the Stratification of Labour Under Capitalism



Zak Cope

Divided World Divided Class: Global Political Economy and the Stratification of Labour Under Capitalism

Second Edition

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PREFACE

In Belfast, where I have lived all my life, there is a saying “you can’t eat a flag for breakfast.” Particularly as it is used by the social democratic and liberal left, this saying is supposed to demonstrate axiomatically that the national question in Ireland (that is, whether Ireland is to form a united and sovereign nation or whether it is to be ruled in whole or in part from Britain) is entirely distinct from purely economic struggles over income, wages and working conditions and, furthermore, that nationalist politics, whether Irish or British in orientation, are a malign distraction from the common interests of the working class in these same “bread and butter” issues.

In truth, however, the saying has been little more than a folksy rationalisation and justification for firmly Unionist, British nationalist politics with a “left” veneer. The ethnically segregated and segmented workforce in Northern Ireland has traditionally been dominated economically, politically and organizationally by a Protestant and Unionist working class. Relative to its Catholic counterpart, this population historically occupied all of the best jobs with the highest wages, lived in better houses, attended better schools and could count on better life opportunities as a result. Most significantly, the Protestant working class, of British settler-colonial descent, could rely upon a political dispensation which the disenfranchised, gerrymandered and oppressed Catholic working class could not. Thus ignoring or deliberately obscuring how national politics have impacted the conditions of working-class life in Northern Ireland meant (and still means) to adopt a not-so-implicit *British nationalist* frame of reference.

The present work is a study in the politics of class within the capitalist world system. It examines, on a historical basis, power struggles surrounding the distribution of socially-created wealth and the relations of production which determine the same. Specifically, it is an attempt to explain and relate: (1) the enrichment of the working class of the core,

metropolitan or First World nations within capitalist social structures; (2) the massive and growing income disparity between the people living in advanced capitalist societies and those living in peripheral, economically extraverted or dependent capitalist societies; and (3) the widespread racism, ethnic chauvinism and xenophobia pervading First World society today. In doing so, we hope to elucidate both how issues of class shape "the national question" (the boundaries of national self-determination in any given case) and, also, how nationality has come to impact class relations on a world scale.

The introduction of the present work relates the concepts of class, nation and "race" under capitalism, concentrating in particular on addressing the connection between racism and colonialism. It also clarifies the meaning of those terms used throughout the book that are essential to scientific understanding of the present international class structure. Part I of the book considers the development of an ascendant section of the working class out of the unequal international relations formed within the capitalist system. Drawing on world system and dependency theory, it delineates certain "stages" of global capital accumulation. Corresponding to these stages is a dynamic ordering of the international economy into a *core* and a *periphery* and the dissemination of *popular* ideologies of elitist supremacism in the former. Establishing as fact the *embourgeoisement* of the working populations of the rich countries, we argue that these populations have become materially accustomed to accepting the capitalist system and those forms of national chauvinism created in the course of its global expansion. Chapter 1 argues that during the initial mercantile stage of capital accumulation, the transition to bourgeois hegemony at the core of the new world system is rendered relatively gradual and peaceful through the creation of a dependent periphery. It argues that a capitalist polity based on internal colonialism cultivates *imperial chauvinism* within the broad *petty-bourgeois* populace. Chapter 2 argues that competitive capitalist industry in Europe brings colonialism in its wake. In the colonial situation, European settlers, employers, soldiers and officials confront a perennially subjugated non-European population and *racism* is thereby encouraged. Chapter 3 argues that monopoly capitalism necessitates imperialism which

relies upon *social chauvinism* to function. This chapter elaborates on the historical origins of the labour aristocracy as a section of the (ineluctably international) proletariat provided with economic and political benefits that have helped secure its allegiance to the imperialist *status quo*. This chapter introduces the concept of *social imperialism* and examines its currency in the era of the First World War and the Second International Working Men's Association. The fourth chapter argues that the reconstitution of the imperialist system on the basis of the overall global hegemony of US-based monopoly capitalism after World War II requires state welfarism and consumerism in the core nations, thus fostering the ideology of *First Worldism.* This chapter details the economics of global imperialism and shows that after the Second World War the labour aristocracy is effectively "nationalised," that is, the entire working class of the imperialist nations is subsumed into the richest fraction of the world petty bourgeoisie. This chapter also addresses how the increased economic significance of immigration to this stage of capital accumulation has been managed according to a mutual need on the part of monopoly capital and the labour aristocracy to maintain black and ethnic minorities in a state of marginality and low-wage conditions.

Part II of the book argues (in abstraction from the reality of institutional discrimination against immigrant and minority ethnic populations favouring white workers) that, in the context of the contemporary capitalist world system, little or no legal *exploitation* takes place within First World borders. Having established the global split in the working class as being the product of imperialism, this second section of the book measures the extent of that divide today by means of empirical investigation, specifically by operationalising concepts such as unequal exchange and capital export imperialism which purport to reveal the mechanics of global value-transfer. It provides both a *means of measuring* and an *account* of the super-wages—wages supplemented by superprofits—that the First World working class is in receipt of today. Using certain formulae, statistical data is consulted and an estimate of uncompensated South–North value-transfer is presented. This section concludes with a critique of ostensibly "left" defenses of global wage differentials.

Divided World, Divided Class ends with a brief overview of the pro-imperialist politics of the labour aristocracy. In relation to the book as a whole, this section provides a broad *political sociology* of the labour aristocracy by way of historical example, concentrating on the political trajectory of the working class in Britain, the USA and Germany. The conclusion to this final section links the politics of the labour aristocracy to the growth of *fascism* and infers that a pro-imperialist working class may be both unable and unwilling to forestall it.

Overall, the book argues that the conditions of life for the working class in the countries of the Global North are predicated upon the immiseration, national oppression and exploitation of the workers and farmers of the Global South. On a world scale, nationality modifies class relations so that, in a very real sense, workers in the rich countries really *do* eat flags for breakfast.

DIVIDED WORLD
DIVIDED CLASS

SOME NOTES PRECEDING THE SECOND EDITION

> *"To some, the expression 'U.S. imperialism' appears as a cliché because it is not part of their own experience. We in the West are the beneficiaries of imperialism. The spoils of exploitation are the means of our corruption."*
>
> *Bertrand Russell*[1]

This second edition of *Divided World Divided Class* has afforded me the opportunity to correct a few niggling typographical, stylistic, terminological and other errors scattered throughout the first edition. It also allows me to address briefly some of the erroneous ideas about the book that have arisen through discussion of it on the internet. Clearly, the thesis that the metropolitan working class has been transformed into a petty bourgeois labour aristocracy subsisting in large measure from the surplus labour of the superexploited workforce in the oppressed nations of the Third World has met with resistance on the part of the metropolitan left. As has been obvious for several decades at least, no amount of empirical, historical and theoretical argumentation, however sophisticated, is enough to rebut dogmas rooted in vested interests and institutional self-preservation. Some "reviews" of the present work, including those in which the book has neither been quoted or actually read, are so poor as to hardly merit comment. Invariably, they assume that if only workers in the Third World would work harder and be more productive, communist plenty would soon appear on their horizon. In one such review, a sort of leftist take on Fukuyama's "end of history," it was averred that the United States is more ready for communism than any other country in the world, a proposition that must surely alarm US security forces. Though I am from Northern Ireland, the oldest and most enduring settler-colonial society of the modern age, another review regrets that the present work is ignorant of the dynamics of settler societies like the US, and of being "too European" in this regard. For the more serious critics of the book, however, it is useful to clarify some points.[2]

Unequal Exchange and Imperialism

Unequal exchange is, at its root, a fairly simple proposition. It is only by making it very technical that it can be seriously disputed. It is obvious that the wage in Guatemala or China is only a fraction of the wage in First World countries. It is equally clear that there is a connection between low prices for bananas, coffee and electronics and the low wages

paid to the workers who produce them. That there are long working weeks and intensive labour in the Third World is also quite evident, as is the fact that factories in the newly industrialising countries are not backwards or ineffective. No doubt the average person is ignorant of the theory of unequal exchange as such, but a great many people in the First World are aware that they buy goods cheap relative to the labour that goes into their production.

Although exploitation can take place without any “unequal exchange” taking place, it is one of the principal means by which the semi-colonial nations today are fleeced. Unequal exchange is not the only such mechanism nor is it one that can be understood in isolation from the others (capital export imperialism, transfer pricing, whereby multinational corporations deliberately set low prices for the produce of foreign subsidiaries, royalties from intellectual property rights, interest on loans, dollar hegemony and so on). As Amin says, despite the unfortunate connotations of the term, the concept of unequal exchange does not imply that surplus value arises from the buying and selling of commodities. Contrary to critics who imagine that unequal exchange is unrelated to the intrinsic conflict between capital and labour, global value transfer, that is, the First World’s underpayment of goods exports from the Third World is a process which begins and ends with the radically divergent rates of exploitation in the imperialist countries and the oppressed nations, respectively. As Amin writes:

> All those who, rejecting unequal exchange, rush to raise the cheap argument that this is a matter of circulation, not production, either are not acquainted with the thesis in question (the root of the matter lies in the different conditions under which labor is exploited), or prefer to evade the thorny question of imperialist exploitation.[3]

The present work emphasises that market prices incorporate the huge wage and capital differentials generated by imperialism (monopoly capitalism). Though competition normally forces down the prices of the output of relatively productive labour, the rise of monopoly capital ensures that this does not occur and that its products are overvalued when exchanged internationally. Meanwhile, the prices of Third World goods are far lower than they would be in the absence of price-fixing, transfer pricing, monopoly (whereby the rich countries are the only seller to the Third World of certain key commodities, especially of advanced electronic and military technology) and monopsony (whereby the rich countries are the single major buyer of much of the Third World’s output).

Whether unequal exchange amounts to 4 or 7 trillion dollars a year, the qualitative aspect is even more important. Global labour arbitrage, whereby production is relocated to nations where labour and the cost of doing business is inexpensive and/or impoverished labour moves to nations with higher paying jobs, is the indispensable

prerequisite of the functioning of the imperialist system and has been for more than a century. Unequal exchange, as one major mechanism of global value transfer alongside the others mentioned herein, secures the necessary supply of value which prevents the imperialist countries from entering an insoluble contradiction between the development of the productive forces and the private ownership of the means of production. If the supply of surplus value to the imperialist countries from unequal exchange did not exist, then the high wages of these countries would not resolve the inherent overproduction crises characteristic of capitalism.

Free Markets and Wages Convergence

If a free market truly existed, capital would accumulate in and flow to the Third World generating dramatic rises in Third World wages (relative to the supply and demand of labour). However, there is not a free market. Rather, there exist two things demonstrating the indelibly political nature of economics. First, there is a system of violent government repression in the Third World, whereby autocratic "free trade" regimes are installed, financed and legitimated by imperialist governments (particularly, but not exclusively, the USA) to keep wages low and natural resources cheap. At the same time, racist and discriminatory border controls are established that prevent competition between the proletariat of the Third World and the labour aristocracy of the First World. Precisely as a result of the global transfer of unrecompensed labour hours these conditions uniquely facilitate, the West comes to have the biggest and the best markets for trade and investment and its workers appear to be the most productive (or the most "exploited" depending on particular emphasis).

Whether the de-linking of Third World economies from the imperialist political economy would result in their becoming substantially richer depends entirely on what the resultant economic surplus is to be used for and, relatedly, what measure of wealth is being used. Ideally, a combination of autarky and planned trade prices (including for necessary trade with the declining imperialist countries) on the part of a closely aligned international bloc of Third World countries would have as its main goal the development of the productive forces for the betterment of the lives of the mass of the population, and not simply the bourgeois classes. Undoubtedly, however, the end of imperialism, the military and political effort on the part of wealthy capitalist countries to siphon and extort surplus value from subject or oppressed foreign territories, must mean that the imperialist countries will become substantially poorer.

Colonialism and Technological Advantage

Critics of my work have suggested that profit and wage differentials do not correlate with degrees of concentration of industry, that is, with monopoly. On a global scale, however,

the largest multinational corporations (MNCs) are indeed based in countries with the highest wage levels. Critics tend to downplay the relevance of monopoly to the global North/South divide, suggesting that it is the competitive edge of First World industries that ensure their domination of Third World industries, the latter supposedly being extremely unproductive compared with the former. The productivity advantage of the developed countries is considered reflective purely of internal developments (technological, economic, social, cultural and/or political).

In the first place, this view effectively erases colonialism from the historical record. Whereas in 1800 Europe and its colonies covered around 55 per cent of the globe, in 1878 they covered 67 per cent and in 1914 84 per cent. Looking at regional shares in world manufacturing output during the nineteenth century, we can see very clearly that the economic backwardness of much of the world is something imposed upon it by colonialism and imperialism.

As in the past, imperialist countries today are able to invest in more productive technologies and more capital-intensive industries only because they can maintain profit rates by importing more economic surplus from foreign territories than they export to the same. Currently, however, this surplus comes not only in the form of unpaid-for raw materials and foodstuffs produced by land-starved agrarian populations, as in the colonial era, but also, and increasingly, of *surplus value* produced by superexploited wage-labourers. Whereas in the Imperial age European and settler-colonial powers could cheapen the costs of constant and variable capital by means of colonialism (leaving European and settler-colonial workers to produce the bulk of surplus value), under imperialism the neo-colonial workforce is proletarianised and forced to deliver its surplus value to foreign investors and traders in the form of underpriced commodities produced within fully capitalist enterprises.

Table I. Nineteenth Century World Manufacturing Output (% of world total): Asian Countries and Europe Compared

[this table can also be downloaded as a PDF by clicking here]

	1800	1830	1860	1880	1900	Rate of Change, 1800–1900
Europe	28.1	34.2	53.2	61.3	62.0	45.3
Japan	3.5	2.8	2.6	2.4	2.4	-31.4
China	33.3	29.8	19.7	12.5	6.2	-537.1
India	19.7	17.6	8.6	2.8	1.7	-1,158.9

Source: Bhattacharya 2006, p. 199; Kennedy 1987, p. 149.

Monopoly and Productivity Differentials

Presently, MNCs control about 70 per cent of all world trade and over a quarter of the world's economic activity takes place within the 200 largest corporations.[4] A recent report commissioned by the Swiss Federal Institute of Technology in Zurich on the global reach of today's biggest corporations examined a database of 37 million companies including over 43,000 MNCs and mapped the share ownerships linking them together.[5]

> They discovered that global corporate control has a distinct bow-tie shape, with a dominant core of 147 firms radiating out from the middle. Each of these 147 own interlocking stakes of one another and together they control 40% of the wealth in the network. A total of 737 control 80% of it all.[6]

The same Swiss study shows that over half of the top 50 corporations are based in the USA, with most of the rest (bar one), coming from Europe and Japan.[7] This domination of the world economy by Northern-based oligopolies has dire consequences for the underdeveloped capitalist countries.

> "Free trade" in an international capitalist system with a "class monopoly" by the northern countries over the means of production allocates all of the efficiency trading gains to the North, just as "free markets" under domestic capitalism with a class monopoly by capitalists over the means of production allocates all efficiency gains to capital (with surplus labour and in the absence of countervailing power by unions and the state).[8]

Through monopolistic price fixing and transfer pricing, extra surplus value is imported to the imperialist economy at the expense of the country against which the monopoly is exercised. Although the First World no longer monopolises the means of production, it retains monopolistic control over certain key sectors of the global economy, in particular, commerce, finance, oil, military hardware and intellectual property. Most importantly, and as a *conditio sine qua non* for the political functioning of the system, the First World has a monopoly on high-wage labour. Oligopoly capitalism thus forces Third World producers to expend extra labour to pay this imperialist rent, that is, to increase the rate of surplus value beyond the world average. Capital exports, meanwhile, can raise profit rates

at home through tying unequal exchange to loans and ensuring exclusive orders for exported commodities at high prices, as a means of monopolising raw materials sources, and as a means of exacting tribute from indebted nations.

The drain of capital which results from imperialist transfer of the Third World's land, natural resources, labour power and produce (effected by means of investment, loans, intellectual property rights and unequal exchange) establishes a limited domestic market therein. Dependence upon the monopsonistic sellers of relatively capital-intensive manufactures (many the product of state research and development funds unaffordable to the underdeveloped countries), as well as of energy and mineral resources secured by means of military fiat, destroys any remaining capacity of Third World capitalists to build domestic industry. Instead, Third World capitalists maintain their profit rates through export-oriented industry in which they have the "comparative advantage" of employing superexploited labour (the cheapness of which is relative to an overabundant rural workforce starved of land and employment opportunities) in modern industrial facilities. Third World comprador capitalists, by contrast with rival First World monopolies, consequently trade with First World producers on very unfavourable terms.

Average Socially (Un)Necessary Labour and Superwages

Critics have emphasised the view that workers in the Global South are producing commodities at a level below the average socially *un*necessary labour time required to do so, that they are thus engaged in socially unnecessary labour. It is crucial to understand, however, that the introduction of labour-saving technology to the production process is foremost conditional upon the prospective maximisation of profits. Quite simply, if it is cheaper and more profitable for capitalists to employ low-cost labour than to raise fixed capital expenditure, then they will continue to do so unless compelled to do otherwise by the pressures of competition.

> It may be technically efficient to use a labour-intensive method of producing things, because although mechanisation saves on labour it involves using more of the other input, namely machines. Setting aside technically inefficient production methods, the real question is which of the possible technically efficient methods will give most profits: the more mechanised or the more labour-intensive one? A simple example shows how this question must be answered. Street cleaners can clean the streets more quickly if they are all equipped with vacuum cleaners. But this will not necessarily be profitable. If the vacuum cleaners are very expensive, it may cost less to use a more labour-intensive method. If the machines are cheap enough, then it pays to become more mechanised.[9]

Through its domination of world trade ("Whosoever commands the trade of the world commands the riches of the world and hence the world itself," according to Sir Walter Raleigh, c. 1552–1618), finance, investment, military goods, energy sources and exchange rates, the monopoly capital of the imperialist countries ensures that it need not *compete* with the producers of the Global South and is, therefore, under no compulsion to lower its domestic input costs accordingly.

> One of the most striking features of the imperialist world economy revealed in the data is that Northern firms do not compete with Southern firms; they compete with other Northern firms, including to see who can most rapidly and effectively outsource production to low-wage countries. There is North-North competition, and fierce competition between Southern producers for contracts with Northern-led firms, but no North-South competition. Of course, important exceptions can be identified and qualifications can be made, but the overall pattern is clear. Firms in imperialist countries compete with each other, not with their Southern suppliers, with whom their relationship is complementary, not competitive, even though it is far from equal.[10]

Moreover, as noted above, imperialism is a *precondition* for the greater "productivity" of First World workers in so far as the surplus value (and surplus product in the form of the underpriced output of "independent" producers) transferred from dependent countries is invested in constant or fixed capital, and not only in personal consumption or social infrastructure.

The lower wages of the Third World workforce are not purely the result of a relative paucity of advanced technology at their disposal, even accepting the absurd assumptions that *(a)* it is workers who must necessarily benefit from the resultant productivity advantage or that *(b)* it is First World workers alone whose labour furnishes the profits for higher rates of fixed capital investment. If we compare average market shares in developing and developed country manufacturing sectors, respectively, we find that it is not typically products of the same kind being exchanged that allows technologically advanced economies to thereby appropriate a part of the socially *unnecessary* labour of the less productive economies. Comparing the global market (value-added) and employees shares of twenty-three distinct manufacturing sectors in both the developing and developed world, we find that wage differences dramatically exceed productivity differences.

According to ILO data, approximately 80 per cent of the world's industrial workforce resides in developing countries. By factoring in underemployment,[11] I estimate that there are 1.75 billion full-time equivalent employees in the world, of which approximately 23 per cent, or 400 million, are workers in industry. Thus, there are

approximately 320 million industrial workers in the developing countries and 80 million in the developed countries, or four times more developing country industrial workers than there are developed country industrial workers.

Table II. Global Manufacturing Value Added by Sector vs. Share of Manufacturing Employment by Sector, Developing and Developed Countries[12]

[this table can also be downloaded as a PDF by clicking here]

Industrial Classification	Developing Countries Share of Global MFG Value Added (MVA) by Industry Sector (2009) (%)	Developed Countries Share of Global MFG Value Added (MVA) by Industry Sector (2009) (%)	Greater Share of Manufactures Market	Factoral International Specialisation In Value Added by Industry Sector	Share of Global MFG Employment for Developing Countries, by Industry Sector, (2001–2008) (%)	Share of Global MFG Employment for Developed Countries, by Industry Sector, (2001–2008) (%)	Full Time Equivalent Developing Country Workforce (millions)	Full Time Equivalent Developed Country Workforce (millions)	Ratio of Developing Country to Developed Country Workforce by MFG Sector	Prod-uctivity Ratio
Food and beverages	47.9%	52.1%	**Developed Countries**	1.1	12.0%	12.5%	38.4	10.0	3.8	4.1
Wood products (excluding furniture)	33.7%	66.3%	**Developed Countries**	2.0	2.5%	3.1%	8.0	2.5	3.2	6.5
Paper and paper products	34.6%	65.4%	**Developed Countries**	1.9	2.5%	2.7%	8.0	2.2	3.7	7.0
Printing and publishing	17.9%	82.1%	**Developed Countries**	4.6	1.7%	5.6%	5.4	4.5	1.2	5.6
Chemicals and chemical products	43.0%	57.0%	**Developed Countries**	1.3	7.2%	5.7%	23.0	4.6	5.1	6.6
Rubber and plastics products	46.7%	53.3%	**Developed Countries**	1.1	4.2%	5.8%	13.4	4.6	2.9	3.3
Fabricated metal products	29.8%	70.2%	**Developed Countries**	2.4	5.1%	10.7%	16.3	8.6	1.9	4.6
Machinery and equipment	30.3%	69.7%	**Developed Countries**	2.3	8.2%	10.8%	26.2	8.6	3.0	7.0
Office, accounting and computing machinery	21.7%	78.3%	**Developed Countries**	3.6	1.0%	0.8%	3.2	0.6	5.0	18.0

Electrical machinery and apparatus	46.6%	53.4%	**Developed Countries**	1.2	4.6%	4.8%	14.7	3.8	3.8	4.4
Radio, television and communication equipment	18.5%	81.5%	**Developed Countries**	4.4	3.4%	4.0%	10.9	3.2	3.4	15.0
Medical, precision and optical instruments	23.1%	76.9%	**Developed Countries**	3.3	1.5%	3.5%	4.8	2.8	1.7	5.7
Other transport equipment	39.9%	60.1%	**Developed Countries**	1.5	2.0%	3.0%	6.4	2.4	2.7	4.0
Furniture; manufacturing not elsewhere classified	34.6%	65.4%	**Developed Countries**	1.9	4.4%	4.8%	14.1	3.8	3.7	7.0
Tobacco products	80.1%	19.9%	**Developing Countries**	4.0	1.0%	0.1%	3.2	0.1	40.0	0.1
Textiles	74.7%	25.3%	**Developing Countries**	3.0	9.4%	3.2%	30.1	2.6	11.8	0.3
Wearing apparel and fur	71.6%	28.4%	**Developing Countries**	2.5	8.2%	2.4%	26.2	1.9	13.7	0.2
Leather, leather products and footwear	77.2%	22.8%	**Developing Countries**	3.4	3.2%	0.9%	10.2	0.7	14.2	0.2
Coke, refined petroleum products, nuclear fuel	57.9%	42.1%	**Developing Countries**	1.4	1.0%	0.5%	3.2	0.4	8.0	0.2
Non-metallic mineral products	53.7%	46.3%	**Developing Countries**	1.2	6.6%	4.1%	21.1	3.3	6.4	0.2
Basic metals	63.2%	36.8%	**Developing Countries**	1.7	6.4%	3.6%	20.5	2.9	7.1	0.2

As we can see from Table II above, both developing and developed countries are involved in every type of commodity manufacture, but there are certain sectors in which each group of countries definitely captures a larger share of the market than the other. Social chauvinist economists cynically imply that Third World wages are low because Third World economies are unproductive in comparison to First World economies, as though each operates in isolation from the other, thereby ignoring the reality of global value chains.[13] Moreover, as the present work argues, it is erroneous to gauge productivity according to value added per labour hour, since the production costs, and hence the prices, of developed country manufactures include relatively very high wages

and capital costs (particularly those incurred by the inordinately large unproductive sector of the First World economies), compared with those of developing countries.

Leaving this aside, it is incorrect to presume that productivity differentials between Third World and First World industry are equal to or greater than wage differentials. In fact, trade between Third World and First World countries leads to a situation of unequal exchange, that is, "the exchange of products whose production involves wage differentials greater than those of productivity."[14]

With reference to the data in Table II, *p* is the productivity ratio, *m* the relative factoral share of the global manufacturing value added (MVA) by sector for developing and developed countries, respectively, and *w* the ratio of the developing country to the developed country workforce by industry sector. Where developed countries (1) capture a larger share of global MVA by industry sector, the productivity ratio is obtained by multiplying *m* by *w*, whereas if developing countries (2) capture a larger share of global MVA by industry sector, the productivity ratio is obtained by dividing *m* by *w*. Thus

$$p^1 = m \times w$$
$$p^2 = m / w$$

My calculations show that in those manufacturing sectors where the developed countries predominate, employees are approximately 6.9 times more productive than the developing countries while in those manufacturing sectors where the developing countries predominate, they are approximately 0.2 times as productive as the developed countries. Overall, we can say that First World manufacturing is no more than seven times more productive than Third World manufacturing, even according to the deeply flawed and circular reasoning that lies behind using prices as the measure of productivity. Meanwhile, according to my calculations based on ILO data, manufacturing wages are an average 11 times higher in the Global North than they are in the Global South. As such, wage differentials exceed productivity differentials in global manufacturing by a factor of approximately 1.6.

Adjusted by this figure, which represents a coefficient for the real value of manufactures exports to the OECD from the non-OECD countries under conditions of equal exchange (equal international distribution of value added according to equivalent productivity) and where the overall price stays the same, non-OECD manufactures exports to the OECD should have been worth approximately US$3.04 trillion. Since only US$1.9 trillion was paid for these goods,[15] unrequited value worth over US$1 trillion was transferred from the non-OECD goods exports sector to the OECD in 2012. If OECD manufactures exports to the non-OECD were overvalued by the same proportion, then OECD merchandise exports to the non-OECD should only have been worth around (US$1.9 trillion/1.6) US$1.2 trillion. Since US$1.9 trillion was actually paid for these goods, unrequited value worth US$700 billion was transferred from the non-OECD

goods export sector to the OECD in 2012. In total, according to this measure, around US$1.7 trillion of value was transferred from the non-OECD by means of unequal exchange in manufactures in 2012.

The Historical Equivalence of First World and Third World Workers' Struggles

The term Third World ("Tiers Monde") was coined in 1952 by French demographer and historian Alfred Sauvy to refer to those countries that were unaligned with either the Soviet bloc or NATO during the so-called "Cold War". The term was first introduced into the English language by sociologist Peter Worsley and refers specifically to the underdeveloped capitalist countries of Asia (excluding Japan and Israel), Africa, "Latin" America, the Caribbean, and Oceania (excluding Australia and New Zealand). The term "First World", meanwhile, refers to the rich imperialist countries, that is, the United States and Canada, Europe (excluding Russia and parts of Eastern Europe), Japan, Israel, Australia and New Zealand. For reasons of space, the present study does not attempt a precise categorisation of those countries (such as those in the former Soviet bloc) which transfer surplus-value from the Third World by means of imperialism but which have an exploited majority internally.

Some critics have argued that social reformism is just as prevalent in the Third World as it is in the First World. The effects of *embourgeoisement* on the workers of the imperialist countries have been crystal clear for some time. There has never been a successful revolution in the leading imperialist countries (the one exceptional case of socialism there, in Germany, was established externally, by military occupation). On the other hand, there are countless examples of metropolitan workers' pro-imperialist behaviour.

The chief exception to the rule of at least tacit acquiescence in imperialism, representing the high water mark of popular anti-imperialism in the US, was during the Vietnam War era, which the organised working class took to the streets in support of. In May 1967 the American Seamen's Union, the dock labourers, the mechanics, the masons and several other unions arranged a "Support the Boys" march along 5th Avenue in New York, carrying bills with the wording "Bomb Moscow," "Bomb Peking," and "Throw the A-Bomb on Hanoi." Union members occasionally emerged from their number to beat down onlookers expressing their disapproval. In October and November 1967, 13 Union Congresses in 10 US states attended by a total of 3,542 delegates, 1,448 voted for continuation of government policy, 1,368 for an escalation of the war and only 235 (7 per cent) advocated a complete withdrawal. By contrast, revolutionary movements against capitalism, imperialism, colonialism and racial oppression have swept over virtually the entire Third World at one time or another, and continue to do so today. This should be

unsurprising to all but the most dyed-in-the-wool Eurocentric Marxist, whose exacting standards no revolution ever meets.

US author Charles Post's suggestion that "well paid workers in the global North … have been the backbone of revolutionary socialist and anarchist organizations for most of the last century"[16] is patently false. Not only have the revolutionary struggles of workers in the Global South been far more extensive and intensive than the practically non-existent revolutionary struggles of workers in the Global North, but Northern workers have demonstrated a consistent support for the institutions of imperialism. Reformism, indeed, is one thing; support for imperialism another.

Some of the major reasons for the persistence of whatever reformism exists in the Global South since World War II are the following:

(1) Patterns of imperialist, especially US, intervention and military aid;

(2) Rich opportunities for capitalist development and the attendant strength of the national bourgeoisies;

(3) The material interests of the labour bureaucracies;

(4) The inability of the proletariat to lead inter-class alliances to attain national liberation in situations wherein it has not been the dominant part of the working masses; and

(5) The pernicious influence of various kinds of revisionism in the socialist movement, not least amongst which is First Worldism, the tendency to detach the political, ideological and cultural mores of affluent countries from the dynamics of imperialist value transfer.

There are both distal and proximate causes for revolution. In the first instance, as Lenin pointed out, the ultimate twin causes of socialist revolution are the revolutionary self-activity of the exploited classes and the inability of the bourgeoisie to rule. These are the *conditio sine qua non* for revolution; where there is no exploited class, there can be no revolution. Beyond these, however, there are more proximal causes.[17]

The Revolutionary Potential of Metropolitan Labour

Critics have stated that my work is defeatist, failing to acknowledge that workers in the imperialist countries are "potentially" revolutionary, and have argued that my work is unduly "empiricist" (the correct term of abuse, I think, ought to be "positivist"). This seems to entail the view that although the working class of the imperialist countries is not at this time revolutionary, it may become so, perhaps with some firm prodding by internet enthusiasts. Indeed, some have argued that I effectively advocate "abdication" of the revolutionary movement in the rich imperialist countries.

Indeed, any class and any individual is “potentially” revolutionary according to whether or not they are prepared to forgo any stake they may have in the capitalist system and aim to see it abolished. The point to be grasped by the genuine left—those struggling to see an end to capitalism and imperialism alike—is that *so long as imperialism exists, there can be no revolutionary movement in the core imperialist countries*. Those groups, whether ostensibly left-wing or right-wing, aiming to extend the parasitism of imperialist countries invariably promote national chauvinist solutions to problems of unemployment and declining living standards. The present work does not attempt to prescribe organising tactics or political strategies for the revolutionary movement to follow, either within the imperialist countries or within the objects of their depredations, the oppressed nations. That is up to political organisations within each country to do, with the clear understanding that would-be revolutionary parties within the First World are operating very much “behind enemy lines.”

In the First World, there has since the 1990s been a notable convergence of “left” and right around an anti-corporate, anti-global, anti-elite, anti-finance and anti-government agenda. The left has been flattering the labour aristocracy for so long that it has effectively abandoned the terrain of class struggle to populism (an attempt by the petty bourgeoisie to curb the power of the elite whilst leaving the capitalist structure intact). The reason for the collapse of the revolutionary left in the imperialist countries is that the conservative impulse to maintain capitalism as a system of wealth creation predicated upon national oppression and international inequality is common to virtually all major strata there, whether those based on class, gender, ethnicity, or geographical locale.

Under imperialism

> […] there evolves a far-reaching harmony between the interests of monopolistic business on one side and those of the underlying [metropolitan] population on the other. The unifying formula of this “people’s imperialism”.. is “full employment.” With this formula on its banner, monopolistic business has little trouble in securing mass support for its undivided rule, in controlling the government openly and comprehensively, in determining undisputedly its external and internal policies. This formula appeals to the labour movement, satisfies the requirements of the farmers, gives contentment to the “general public,” and nips in the bud all opposition to the regime of monopoly capital.[18]

The increasingly respectable fascist movement promises the highest levels of privilege and parasitism for white workers, business nationalists unable to compete internationally and the petty-bourgeoisie opposed to the globalising logic of finance capital. Imperialist denialism adds fuel to the fire of national chauvinist populism and the convergence of the left and right that entails. Strategic confidence in the exploited masses of the oppressed

nations of the Third World is paramount. Imperialism must take a hit if socialism is to advance worldwide, and there is no reason to believe that First World workers may be won to a consistent anti-imperialist position before that time.

On Alleged Deteriorating Living Standards in the US

In regard to the alleged deteriorating living standards of US workers, certain critics have objected to my citation herein of a think tank on the basis that it is right-wing. Such *ad hominem* argument, however, has no place in scholarship; the objectionable politics of a particular author do not automatically negate the truth content of any particular theory or fact that they espouse or demonstrate. Besides, not only is it true that, like beauty, a person's place on the political spectrum is in the eye of the beholder, social chauvinist economists routinely uncritically regurgitate data from the World Bank, the IMF and the CIA, hardly bastions of left-wing analysis.

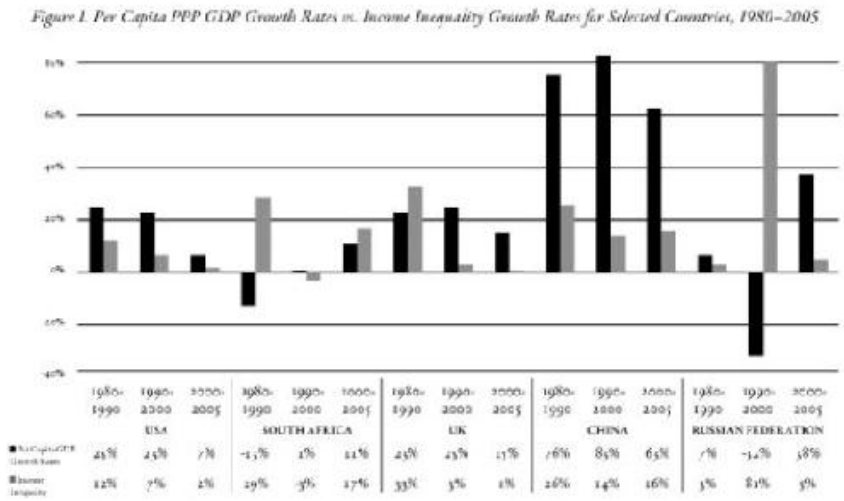
In any case, in highlighting labour's declining share in US national income, critics intend to prove a deteriorating standard of living for US workers. Typically, they are entirely oblivious to the extent to which US national income represents value captured by the US *sui gratia* from other countries and the extent to which US labour shares in that ill-gotten loot.[19] There is, apparently, no amount of divergence in wages between workers in the Third World and workers in the First World that might lead leftists in the First World to question their hallowed belief in the exploitation of imperialist-country labour. However, it is important to understand that whilst labour's share has declined in most countries since the advent of neoliberalism, global labour arbitrage has meant that rising standards of living in the imperialist countries have been achieved without a parallel rise in labour's share of GDP.

Research by the late and much respected scholar Angus Maddison sheds light on the growth of purchasing power internationally for the past two millennia. Maddison has calculated per capita GDP figures from 1 CE to 2008 using 1990 International Geary-Khamis dollars. The Geary-Khamis dollar, or international dollar, is a hypothetical unit of currency that has the same purchasing power parity that the US dollar had in the United States at a given point in time, in this case, 1990. It is based on the concepts of purchasing power parities (PPP) of currencies and the international average prices of commodities and shows how much a local currency unit is worth within a country's borders. It is possible, of course, that rising per capita income growth accrues to the richest portion of the population at the expense of the poorest. Therefore, to obtain a more accurate picture of the extent to which living standards have improved for the societies we have chosen to focus on, we must look at the extent to which rising per capita income has been accompanied by growing income inequality.[20]

The illustration on the opposite page compares real per capita income growth rates in 1990 international dollars with income inequality growth rates for the USA, the UK, China, Russia and South Africa between 1980 and 2005. It abstracts from the realities of superexploitation, superprofits and superwages, and the terrible divergences in income and life opportunities between the poor and affluent countries of the world, focusing solely on the growth of average purchasing power and inequality within particular countries. In a given decade, where income inequality has risen more in a country than has real per capita income, it can be assumed that the margin of improvement in real (PPP) income has accrued to a minority of the population such that the living standards of the majority have, in fact, declined, whereas if PPP per capita GDP has increased more than inequality, we can assume that life has improved for the majority of the population.

Figure I. Per Capita PPP GDP Growth Rates vs. Income Inequality Growth Rates for Selected Countries, 1980–2005

[this figure can also be downloaded as a PDF by clicking here]



Labour Share of Income as the Measure of Exploitation

First World socialists point to the declining share of labour in countries like the US as proof positive that such workers do not derive any benefit from imperialism. The annual labour income share is normally calculated as total labour costs divided by nominal output. According to UNCTAD, employees' share of national income in Latin America was approximately 60 per cent that of OECD employees' share of national income in

2008. In the same year, employees' share of the national income in Asian countries, the transition economies and African countries were an average 67 per cent, 63 per cent and 53 per cent, respectively, of OECD employees' share.[21]

> Since 1994 the wage share in Asia has declined by roughly 20 percentage points … The pace of the decline in the past decade has accelerated in recent years, with the wage share falling more than 11 percentage points between 2002 and 2006. In China, the wage share declined by close to 10 percentage points since 2000 … In African countries, the wage share has declined by 15 percentage points since 1990, with most of this decline—10 percentage points—taking place since 2000 … The decline is even more spectacular in North Africa, where the wage share fell by more than 30 percentage points since 2000.[22]

Reports on the falling wage share in national economies do not, of course, account for the growth of the working class therein so that, adjusting the level of wage share decline thereby, we are forced to conclude that labour's share has fallen still more in the Global South in recent decades than it has in the Global North.

More importantly, however, the wage share measure of exploitation does not account for the massive divergence in wages between countries such that one hour of labour in a rich country earns a worker enough money to purchase the product of a dozen hours of labour in another. Of course, social-imperialists consider that workers in the plantations, export processing zones and outsourced factories of the Global South are so hopelessly inefficient that their labour only entitles them to consume a much smaller quantity of the commodities that they produce than do the workers/consumers of the Global North. Leaving that aside for the moment, however, it is very clear that the measure of exploitation according to the share of wages in national income is proof positive that Third World workers are more exploited than First World ones. Indeed, if this were not so, and the share of wages in prices were raised accordingly, we might expect Third World goods imports to the OECD to be worth up to 50 per cent more than they are at present. Needless to say, this would put a heavy dent in First World profit margins and pay packets alike.

One World Working Class

There is a tendency amongst some calling themselves communists to conflate all sections of workers into a homogeneous and amorphous "working class." In just the same way that some on the left loudly declaim any and all manifestations of nationalism, even (if not especially) that demonstrated by oppressed nationalities, these imperialist-country "revolutionaries" refuse to countenance the possibility that some groups of workers have class interests distinct from, and even opposed to, other groups of workers. The reason for

the putative anti-nationalism of the imperialist-country left and its syndicalism is the same. It allows workers in oppressor nations to retain their privileges as such. If all workers are the same, and there is no division between oppressor and oppressed nations, then there is no need to struggle against imperialism and no need to forgo any of its very one-sided benefits.

Even disregarding structural divisions within the working class, and the socio-political function of particular occupations, when a Marxist declares that US (or UK, or French, or Japanese) workers are "exploited," we must demand to know the proper wage to which they are entitled and how this numerical sum is arrived at. How much would an employee have to be paid so that they would no longer be exploited? Rarely is an answer proffered. In any case, assuming an identity of class interest between all wage-earners, from managers, directors and senior officials, science and research professionals, to teaching and educational professionals, sporting professionals, business and public service associates, secretaries, administrators, skilled metal workers, electronic workers, textile workers, construction workers, care workers, sales workers, and retail assistants (to use some of the UK's Standard Occupational Classification categories), where huge disparities of income and life opportunities prevail, is to lapse into the crudest pseudo-left sociology. If a footballer who is paid US$10 million a year is "exploited" solely because he gets a paycheque, it would appear that no "wage" at all would be enough for some "communists."

Social Privilege, the Labour Aristocracy and the Proletariat

Some writers and activists on the anti-racist left in the First World point to income inequalities within the working class of any given country as evidence of a nationally-based "worker elite."[23] Conversely, every mark of oppression is seen to render a group proletarian and every stirring of the oppressed to augur revolutionary upheaval. Thus housewives and the internal semi-colonies of the First World (except for minority upper echelons therein) are both sometimes cast in the role of substitute proletariats. Yet this approach signally fails to clarify the central axis of the struggle for socialism today, namely, the struggle against imperialism. It does not grasp the truly monstrous parasitism of the imperialist countries or the dire situation that its oppressed populations find themselves in as a consequence. Indeed if there were a proletariat in the US or Europe, the struggle against capitalism there would be infinitely more straightforward. As it is, some oppressed sections of the imperialist country populations, precisely in so far as they are marginal and not central to capital accumulation (hinging on the appropriation of surplus value by investors) and its political economy, are finding that they must be permanently warehoused or worse.

The point of highlighting the unequal wages and working patterns of the workers in the poor countries compared to those in the rich countries is not merely to highlight inequality within the international workforce. Rather, it is to show the effects of this divide within the working class on the structuration of the capitalist world system. The present work shows that the unrequited transfer of wealth from the Third World to the First World, a loss that is "enormous in relation to the poverty of the underdeveloped countries,"[24] is such that the profits of the capitalist class in the First World would disappear if the globalisation of production processes dominated by monopoly capital and relying on the superexploitation of Third World labour were to cease. Remove the Third World as a source of superprofits, and the economies of the First World would be bankrupt. Moreover, if capitalism was to survive under such conditions, First World workers would see their standard of living sink like a stone, for they would thus fall back into the proletariat. In short, economically speaking, the core imperialist countries are net parasites subsisting off the land, labour and resources of the Third World and not value produced by their own workers.

Writers taking the relativist sociological view of the labour aristocracy as any privileged group of workers have tended to obliterate the class differences and divergences that exist within and between manufacturing, domestic, service, clerical, and agricultural workers as well as between these and slaves, peasants and housewives so as to reduce all forms of labour to exploited wage labour. This, however, is a form of blatant class reductionism that collapses the struggle for national self-determination (defined by the struggle for peoples' land sovereignty) and the struggle for gender equality (defined by the struggle for equalization of leisure time, that is, time spent in a capitalist society not engaged in wage-labour or housework) into the struggle for socialism (defined as the socialization of the means of production under the dictatorship of the proletariat). Marxists define the proletariat at those workers producing material values in an industrial context (whether in a factory or on a plantation) who are in receipt of less value than is embodied in the commodities they produce. The proletariat as such produces more goods than it is able to command with its wages. Needless to add, this does not imply that other categories of workers are not exploited or oppressed, but the proletariat is that group of workers who possess no property and, as such, has unique revolutionary potential.

Defining the labour aristocracy according to its degree of institutionalised social privilege and its participation in bourgeois institutions of national, gender and class oppression allows for any group of relatively disadvantaged and oppressed workers within a given polity to be labelled a proletariat. Against this view and following classical Marxist thinking on the subject, the labour aristocracy is understood herein as that section of the working class whose receipt of superprofits derived from the superexploitation of colonial and semi-colonial workers predisposes them to establish a political rapprochement with the ruling bourgeoisie. Thus, the political activity and socioeconomic

status of the labour aristocracy are dialectically intertwined, with *embourgeoisement* guaranteeing social peace for the capitalists in the imperialist countries and political collusion, if not outright fascism, guaranteeing the continued influx of superwages. It is value transfer that determines labour aristocratic fealty to the bourgeoisie and, hence, the inherent capacity of some classes of relatively privileged workers to ally with the proletariat against the capitalist class.

To reductively define the labour aristocracy as that section of the working class that is allied to the ruling bourgeoisie risks two things. First, it implies that it is only those workers or their representatives that engage in reformist electoral politics who constitute the labour aristocracy. Equating the labour aristocracy with the labour bureaucracy is a serious opportunistic error. Second, it implies that opposition to a particular government on the part of imperialist country workers means that they have thereby ceased to be a labour aristocracy, that they are a *de facto* revolutionary movement. Yet opposition to the policies of unrestrained capitalism by metropolitan workers can easily coexist with a total unwillingness to disestablish the foundations of capitalism, most especially, in the present era of imperialist monopoly capitalism, the exploitation of whole nations. Is it simply the fact of their struggling against the current bourgeois administration that makes workers into a proletariat? In that case it is quite possible that the US might have a proletarian majority at any given time. Is it struggling against the bourgeois state as such? Then the US must today have a proletariat of several hundred at most.

Female Home Workers as a Substitute Proletariat

For some, the proletariat as such centres on women and their labour while well-paid male manufacturing labour is culturally, politically and demographically central to the labour elite. Thus a woman performing unpaid household labour may be deemed proletarian whereas a man whose wife performs unpaid household labour is a member of the worker elite. Although it is perfectly correct that women throughout the imperialist countries disproportionately find themselves in menial roles subservient to males, this completely ignores the extent to which receipt of superwages (wages above the level whereby an hour's worth of concrete labour can purchase on the market more than the product of an hour's abstract labour), *the defining characteristic of the labour aristocracy*, allows for a reduction in domestic drudgery for the female spouse, even where she is taken advantage of by the patriarch. Indeed, where possible, many people actively and rationally seek out this supposed proletarian position of domestic labourer over having to get a job. To conflate relatively easy First World housework with the domestic labour involved in the reproduction of labour power (the production of food and clothes for wage-earners that millions of Third World women are tasked with) is, in any case, thoroughly misleading.

It is impossible to ascribe any (exchange) value to household labour in so far as *(a)* it does not itself introduce any new commodity for (profitable) exchange in the market, but only "use-values" for immediate consumption, and *(b)* it is not itself sold on the market. The argument that household labour produces the labour-power of the employee is incorrect because housework in capitalism is so constituted as to prevent its socialisation as abstract labour and to render its services available for, precisely, *nothing*. It is only possible to value labour-power in respect of the average socially necessary time it takes to produce commodities for exchange. It would certainly be far too costly for capitalism to give a wage to all labour that did not produce, but merely *consumed* surplus value since value is not created by the mere act of purchasing commodities. Capital cannot expand by hiring labour that produces just its own value as labour-power, *precisely* the value that some Marxist "wages for housework" theorists ascribe to housework. If it is said that housework produces the commodity "labour-power" then what is to distinguish any form of work from any another? Should persons be paid for having sex (which can produce future labour power)? What is to distinguish the housewife's production of labour-power from the baker's (since both produce bread for me to eat)? If the husband owes the wife wages, then why should he owe her support? Should her housing, food, and so on be taxable benefits? Should he be able to fire her, just like any other employee? And if the state is on the hook for wages, then should it be allowed to direct the work and also fire the worker (perhaps to the point of terminating the marriage)? In any case, it is impossible to say that labour power is the peculiar commodity produced by housework, since there are potentially infinite other sources for its production.

In reality, if domestic labour was to become socially abstract labour, then capitalism would have to industrialise it (providing washing machines, industrial dishwashers, and premade meals) and ensure a specialization and division of domestic labour. This it will not do because domestic labour does not produce anything extra for the market. Thus, asking for a wage for domestic labour is as meaningful as asking for a wage for slavery. Only when labour power is something that is not bought and sold on the market can domestic labour be accorded its true (cultural and social) value, since the market as such cannot value privatised domestic labour. As such, while domestic labour is an absolute prerequisite for capital accumulation and is also socially valuable and useful in itself, it must nonetheless remain unpaid and undervalued under capitalism. The fight for feminism is not for housewives and domestic labourers to be paid wages for their work, but for women and men to share domestic and social labour equally. Presently, the feminization of low-wage production is at least *prima facie* evidence that the bourgeoisie of late capitalism gains more value from having women work directly as superexploited wage-earners than as the principal props of the superexploitation of males.

Internal Colonies and Oppressed Minorities as Substitute Proletariats

The net parasitism of certain countries does not, of course, mean that all forms of inequality and oppression have as a consequence been eradicated therein. Nothing could be further from the truth. The ramped up national oppression of Blacks in the US since the 1990s is undeniable. Black people under US occupation constitute an oppressed nation. The US injustice system is truly monstrous, imprisoning more people than India and China combined. The US has long had the world's highest proportion of prisoners and was exceeded only by Russia for a short period during a state of emergency under Boris Yeltsin. The US rate of imprisonment—more than 1 per cent of adults—is seven times Canada's. What is more, imprisonment in the US is heavily racialised, with Blacks (13 per cent of the population but 40 per cent of prisoners), Latinos, and Indigenous people being shockingly overrepresented. Almost 7 per cent of Black adults are behind bars. One Black boy in three will spend time in prison during his life. Nothing like this occurred even in South Africa under apartheid; indeed, nothing like it has occurred anywhere, ever.

Yet none of this proves that Blacks, Chicano/as or Indigenous people (certainly in the worst position of any of the internal semi-colonies) are exploited or that exploitation, rather than national oppression and population control, is the chief purpose of their subjection *today*. Like the Palestinians, some unskilled Blacks (and many skilled Blacks and whites, for that matter) are a people surplus to capitalist-imperialist requirements. Imperialist decline and the fascist backlash of the privileged oppressor nation mean increasingly that Black property and Black jobs are up for grabs. Mass Black imprisonment is precisely a product of white nationalist management of the unproductive economy created by globalising imperialism.

Outlying locales of unusual deprivation within the core imperialist countries, meanwhile, typically inhabited by the most oppressed sections of the population, are pockets of poverty within vast swathes of affluence and luxury earned at the expense of foreign producers. It is not impoverished people as such who generate social wealth, however; it is working farmers and proletarians producing commodities for the global market. Much of the time those not able to find gainful employment within this capitalist system are simply left to die; it is better to be exploited than left destitute. Within the context of entire economies living off plunder, the very poor minority is very often too isolated, marginalised and immiserated to form any coherent class that might form a viable opposition to capitalist-imperialism in and of itself, assuming that its goal in any case is not simply to enjoy a greater share of its revenues.

Proletariat and Labour Aristocracy in the Global South

Some have argued that the so-called worker elite is becoming a truly transnational class, albeit disproportionately concentrated in the First World. Indeed, many writers (including Frantz Fanon, John Saul and Giovanni Arrighi) have seen the entire proletariat proper in countries like Africa as a labour aristocracy, because they are a minority earning relatively high incomes (compared with the peasantry and the rural proletariat) in jobs strongly connected to the apparatus of colonialism and neocolonialism. This is despite the paltry wages paid to most African employees, and the fact that the majority are unskilled, irregularly employed, and dependent upon rural subsistence production for their sustenance. Since the basis of superprofits, and with it the payment of superwages and the subvention of a labour aristocracy, is the superexploitation of the colonial masses, *there can be no mass labour aristocracy in the colonial and semi-colonial countries* (the issue of the Black population of the US and the Chicano people of the South West of the imperialist United States notwithstanding).

Nonetheless, relatively high-waged and skilled African, Asian and South American workers in capital intensive sectors of export-oriented and government industries, as well as white collar civil servants and clerks, do indeed occupy positions of relative privilege within the labour markets of the Global South. Their immediate interests may not lie in a more egalitarian downward redistribution of *national* income, but they certainly do lie in a *global* redistribution of income away from the imperialist countries. Thus, from a proletarian internationalist perspective, the “worker elites” of the countries of the Global South are a potential ally of the superexploited and oppressed Third World masses in their struggle against imperialism, necessarily a struggle also against capitalism. As such, it may be said that the struggles of the “worker elites” of the Global South (that is, the relatively privileged upper strata of the working class there) are in fundamental opposition to the global ruling class or may be pushed in that direction by resolute revolutionary mass struggle. In that sense, the contradiction between the so-called “labour aristocracy” of the Global South and the proletariat is non-antagonistic whereas the contradiction between the labour aristocracy of the Global North and the proletariat is antagonistic.

In China an upper layer of Chinese workers, (not temporary, rural and migrant labourers) have benefited from rising wage in recent years. This is a phenomenon intrinsically connected to the recession of 2008 and its aftermath. Having quickly realised that its export oriented accumulation strategy was in jeopardy following the relative constriction of imperialist country consumer markets, China’s ruling capitalists decided that a managed and moderate rise in wages in strategic sectors of the economy would increase domestic demand and make up any shortfall felt in its foreign trade. Yet rising wages for Chinese workers is for obvious reasons a very dangerous phenomenon for the Chinese bourgeoisie. At the same time, it threatens the very bedrock of imperialist country parasitism. Rising Chinese wages must mean declining US wages and flagging

US markets. As such, the growth of worker elites throughout the Global South is not necessarily something that stabilises capitalist-imperialism.

African, Asian, and South and Central American proletarians whose income is locally high still tend to be exploited, and even superexploited, and should not be regarded as labour aristocrats. Economic development is always uneven, so that some people everywhere have higher incomes than others. The labour aristocracy, however, arises not from differences in income *per se* but from the receipt by some workers of a share of imperialist spoils. By that measure, Third World proletarians certainly are not labour aristocrats. Indeed, even many skilled professionals in the Third World make less than the minimum wage in a typical imperialist country. Certainly it is true, not only in China and India but in every part of the world, that some workers are paid more than others. But that fact alone does not make a labour aristocracy. For example, the minimum wage in Ghana—far from the poorest country in the Third World—is less than US$2 per day (6 GHS), and of course many people do not make even that much (many are not employed at all but subsist in other ways). Even workers paid two or three times that minimum wage cannot be called a "labour aristocracy" in the sense of benefiting from imperialist exploitation: they themselves are heavily exploited. Although discrepancies in income certainly do create big rifts in Ghanaian society, it is wrong to treat them as proof of a local labour aristocracy. By contrast, in the imperialist countries, the lowest wage even for an unskilled person is dozens of times Ghana's; for that matter, welfare payments to unemployed people in the West greatly exceed even the average wage in Ghana. On a global scale, all legally and securely employed workers in the imperialist countries are labour aristocrats. A focus on national "labour aristocracies" thus deliberately distorts the global class structure.

Purchasing Power Parity and Average Wages

The difference between the highest and lowest wages in the world are 100 times bigger when measured in Forex $, or 20 times bigger in PPP$. Nonetheless, either way they are enormous. Critics argue that converting wages paid in one country's currency into another country's is grossly misleading since the cost of living varies radically from country to country. However, this is an exaggeration. As noted in the present work, although basic foodstuffs and other local products (and, especially, services) may be substantially cheaper in the Third World than in the First World, many other products are just as expensive or even more expensive. Oil, for example, costs roughly the same in the Third World (with the notable exceptions of a few oil-producing states such as Iran and Venezuela) as in the First World precisely because it is a globally traded commodity that in most places must be imported. For similar reasons, computers and automobiles tend to cost a lot in the Third World. Secondly, it should be obvious that, in terms of the average

labour-time required to purchase goods, there is no equivalence between the purchasing power of a Third World and that of a First World worker.

A focus on PPP incomes is often due to an unwillingness to tackle the issue of global value transfer and imperialist parasitism. The present work bases its wage calculations on those given according to foreign exchange (forex) rates, because it is primarily foreign exchange rates of worker remuneration that attract foreign investors and not those based on PPP. More importantly, the point of the examination of international wage levels herein is to compare them to the per capita value of labour and thus determine the extent of the exploitation of nations by imperialism. For some countries, the average wage might be above the per capita value of abstract labour, whilst the lowest wages therein might be lower, whereas for other countries, the average wage might be below this value while the highest wages therein might be higher. The concept of an average wage, however, when analyzed according to Marxist political economy alongside data on working hours, the sectoral composition of the workforce, underemployment, global value chains, and so on allows us to see which countries are net producers and which are net consumers of globally created value. In doing so, it provides a crucial picture of which countries and nations are net beneficiaries of imperialism and which are not.

On the Social Imperialism of European Communist Parties

Some critics have objected to my remarks on the social imperialism of Western European Communist parties. However, the historical record shows that despite their being far to the left of mainstream social democratic parties on the question of opposition to imperialism, the Western European Communist parties fell far short of consistent internationalism.

Although compared with its First, the Second Comintern Congress definitely witnessed a "qualitative leap"[25] in its appreciation of the significance of the colonial question, this was not "reflected in any sustained effort by the Comintern either on the theoretical plane or that of practical activity. The 'Eurocentrist' viewpoint continued to predominate in the leadership of the Comintern and in the Communist parties of the metropolitan countries."[26] Indeed, from its foundation onwards, the Comintern consistently overestimated the revolutionary potential of the European working class, which continued to support Conservative and Social Democratic parties in its great majority.[27] As Redfern notes, despite considerable attention paid by the Comintern to the revolutionary movement in the East, its preoccupation throughout the 1920s, 1930s and 1940s was with Europe, and increasingly so as the years rolled on.[28] Thus, in 1924 Vietnamese Communist Ho Chi Minh (1977) wrote:

> As for our Communist Parties in Great Britain, Holland, Belgium and other countries—what have they done to cope with the colonial invasions perpetrated by the bourgeois class of their countries? What have they done from the day they accepted Lenin's political programme to educate the working class of their countries in the spirit of just internationalism, and that of close contact with the working masses in the colonies? What our Parties have done in this domain is almost worthless. As for me, I was born in a French colony, and am a member of the French Communist Party, and I am very sorry to say that our Communist Party has done hardly anything for the colonies … It is the task of the communist newspapers to introduce the colonial question to our militants to awaken the working masses in the colonies, win them over to the cause of Communism, but what have our newspapers done? Nothing at all.

In August 1936, the Italian Communist Party (PCI) newspaper *Stato Operaio* (Workers' State) published *L'appello Ai Fascisti* ("Appeal to the Fascists") by Palmiro Togliatti, in which the PCI's leader signally failed to condemn the invasion of Ethiopia for the misery it caused to Ethiopians, but so as not to alienate chauvinistically inclined Italians, chose instead to focus on the disappointing paucity of benefits the war actually brought to, amongst others, the volunteers who fought there and the Blackshirt rank and file. Togliatti, indeed, declared that "Communists [rather than Mussolini's government] do justice to the fascist program of 1919, which is a program of freedom." A decade later, in 1946, as Minister of Justice, Togliatti passed an Amnesty for all Italian fascists. The PCI led by Palmiro Togliatti enthusiastically participated in the post-war Italian government despite its being an imperialist one.[29] In the same year, the PCI demanded the restitution of Italy's colonies and the reoccupation of Eritrea, Somalia and Libya since, according to Togliatti and Nenni, Italy had a popular front, not an imperialist government, and averred that the Italian proletariat was destined to lead the colonies into independence. In 1949, the PCI openly supported NATO.

By 1963, this bleak situation had not improved. Mao (1963) wrote that "For the past ten years and more, the leaders of the French Communist Party have followed the colonial policy of the French imperialists and served as an appendage of French monopoly capital." The French working class was unsupportive of the Algerian independence struggle. Briefly, the French "Socialist" Party in government was the main force behind the violent repression in late 1950s Algeria, whilst the "Communist" Party simply tailed them, opportunistically divaricating when it came to whether independence should be granted and vocally opposing the FLN. (To its partial credit, the PCF did condemn the mass torture that French imperialism was using to terrorize the Algerians into submission). The PCF was rightfully fearful that they would lose the support of the rabidly patriotic French workers if they came out as genuine internationalists.

We will focus our attention, however, on the Communist Party of Great Britain (CPGB). In 1920, no organisation represented at the CPGB's Unity Convention, no delegate present, nor the provisional committee, which convened the Convention, considered it necessary to discuss the colonial question.[30] British Communists did, however, deem it important prohibition be discussed (a resolution calling for prohibition was referred to the provisional Executive Committee).[31] In fact, according to Karl Radek, Communist Tom Welch had, in an often quoted remark during discussions on the colonial commission, justified his party's inactivity on the colonial question on the grounds that "the ordinary British worker would regard it as treachery if he was to help the dependent peoples to rebel against English domination."[32] The riposte of an Irish delegate to Welch was "the faster English workers learn to commit such treason against the bourgeois state, the better it will be for the revolutionary movement." Radek himself suggested that the Comintern would judge British Communists not for the number of articles written denouncing colonial outrages, "but by the number of Communists who are thrown into jail for agitating in the colonial countries."[33]

Throughout its history, unfortunately, the CP found colonial work a low priority. There were, however, occasional signs that the Communist leadership would begin to prioritise anti-imperialist work. Thus in 1921, the party's executive committee issued a statement deploring the failure of British workers to support anti-colonial struggles: "we *have* betrayed them, and, in so doing we are betraying the whole working-class movement … For us, if we were to connive at these things, to claim for our motto 'workers of the world unite' would be to merely add hypocrisy to treachery."[34] The *Communist Review* of June 1921, moreover, had stated that the British Empire was "the knot which socialism in this country will have to unravel if it is to succeed." Yet, as Redfern is forced to conclude, there is little evidence of any sustained attempt by the Party to match words with deeds in this crucial respect.[35]

Sometime between 1919 and in 1921, in a document entitled "The Inapplicability of Third International Principles to Britain," Indian member of the CPGB Rajani Palme Dutt had cast serious doubt on the prospects for a revolution in Britain. In contrast to Russia, he argued, there were "strong non-revolutionary working-class institutions in the Labour Party and the trade unions … [There is also] a large middle class of undoubted white sympathies and … a large parasitic loyalist proletariat which would form a considerable reservoir for dependable soldiers and White armies."[36] Yet despite Comintern interventions instructing it to strengthen its understanding of imperialism, the British Communist party "continued [throughout the 1920s] to ignore the role of Empire in permitting rising living standards in Britain."[37] Indeed, in 1924, the Comintern had complained that the British CP had never "demanded clearly and unequivocally the secession of the Colonies from the British Empire."[38] After 1928, however, and the

adoption of the "Class Against Class" strategy said to be appropriate of the "Third Period"[39]—to which Trotskyists impute the failure of German workers to overthrow capitalism, often, in a blatantly Eurocentric manner, considered the single greatest defeat of the working class in world history—the Comintern itself also came to promote the view of the impending downfall of capitalism at the hands of a European workers' revolution. At its Sixth Congress, it was asserted that only a tiny minority of the working class benefited from imperialism: the labour aristocracy was defined as "the leading cadres of the social democratic parties."[40] In this view, it was only necessary to remove social democrats from power before capitalism would collapse. Imperialism, and anti-imperialism, was neither here nor there. Indeed, after 1935 the CP "worked more vigorously to help defend the British Empire against its imperial rivals than it ever had to support anti-colonial movements in the Empire."[41]

> In 1937 the London DPC [District Party Committee of the CPGB—ZC] reported that it was to hold a "Save China, Save Peace" meeting (the CP was by now leading a vigorous campaign in support of China against Japanese aggression) whilst Manchester and Salford mentioned only the work of the China Campaign Committee. Teresa Hunt, then a rank-and-file member in Manchester, recalls lively discussions of the means test, Abyssinia, the Spanish Civil War, anti-fascism and the Soviet Union among Party members, but has no recollection of discussions of the British Empire.[42]

With regard to Ireland, CPGB leader Harry Pollitt dutifully explained to the Central Committee in 1936 that the main task of Communists was to help Irish comrades by explaining the falsity of the Irish nationalist dictum "England's difficulty is Ireland's opportunity." Pollitt's desire to "help" his Irish comrades was an expression of the CP's post-Seventh Congress' evident view that "the most important anti-colonial work was that directed against Britain's imperial rivals," specifically, Italian, German and Japanese (the campaign to support the beleaguered Spanish Republic being the CPs largest concerning foreign affairs).[43] In 1936, British forces in Palestine were engaged in massive violent repression of an anti-imperialist movement in which the Palestinian Communist Party played a leading role. Yet the British CP was wholly silent on the matter. In our own day, too, both anti-Americanism and the self-serving criticism of labour standards in semi-industrial countries have become for many European socialists a substitute for consistent anti-imperialism that exposes one's own nation's misdeeds.

"Race" Struggle and/or Class Struggle

It has been suggested that Third Worldist Marxism privileges social divisions based on "race," nation and gender over that of "class." I refer readers here to my earlier work,

Dimensions of Prejudice, which attempts to relate all of these social hierarchies to political economy. The political line advanced by the present work aims to correct the First Worldism and social chauvinism of traditional Eurocentric Marxism and, at the same time, the capitalism of much traditional Third Worldism. It is, to that extent, the product of an era in which capitalism and imperialism have become more than less symbiotic.[44] A few words to clarify the relation between intra-working class divisions and capitalist-imperialism are in order.

In colonial-settler societies such as existed in Apartheid South Africa (and still does to some extent), and in countries like Algeria, the United States, Israel, Kenya and northern Ireland, it is easy to conclude that issues of class are decidedly secondary to the primacy of race and nation. From the anti-imperialist perspective, however, it can be argued that whilst struggles over race and nation are of primary importance in and of themselves, that is, they can neither be reduced nor be seen as peripheral to class struggles, they are impossible to understand outside of the context of class domination and the attendant social relations of exploitation and oppression. The Marxist contention that racial oppression cannot be overcome except through class struggle ought to be upheld as valid, particularly in so far as whiteness continues to overlap with class privilege, both within the supposed "non-racial" South African polity and on a world scale.

What Emery calls "Orthodox" Marxism, affirms that racism is a policy pursued principally by the capitalist class.[45] By dividing workers along racial lines by means of supporting employment, housing and educational discrimination against non-white populations, the capitalist class is able to create divisions within the working class that weaken its bargaining position vis-à-vis employers. By contrast, split labour market theory, like much liberal theory, suggests that the capitalist class supports a "liberal or laissez faire ideology that would permit all workers to compete freely in an open market … thereby displacing higher paid labor."[46] Systems of racial preference in this perspective stem principally from the capitalist class and state having to yield to pressure from the white labour aristocracy. Whether capital or labour is to have the upper hand in this conflict over the equal admittance of non-white populations to positions within the labour, housing and educational markets depends upon the relative influence each has in the formation and implementation of state policy.

In fact, within the limits discussed below, the capitalist class requires split labour markets as a means of ensuring the maximum rate of exploitation of the working class. Through delivering relatively affluent standards of living to a minority of workers by means of higher wages, better jobs and greater social provisions, the capitalist class ensures that this minority is disinclined towards socialism and willing to assist in the enforced dispossession of a majority of workers. Very often the latter are nationally

oppressed and their repression, control and containment ensures not only that the capitalist class is able to maximise the rate of exploitation by paying them extremely low wages, but that the nationally oppressed working class is unable to play a leading role in liberation struggles that might wrest *all* of the nation's wealth and resources from the imperial power. In circumstances whereby its major sources of surplus are extorted from foreign territories (by means of unequal exchange and capital export imperialism); mass revolt threatens to overturn the whole unbearable nexus of capitalist oppression and exploitation; a bourgeois oppressed-nation leadership exists that may be co-opted to accept prevailing property relations; and/or where the privileged working class threatens to enforce an unacceptably costly social-democratic compromise (albeit within the prescribed bounds of the Racial Contract), then the capitalist class is likely to modify its support for entrenched structures of communitarian inequality in favour of a neo-colonial compromise formation.

The Tradition of Third Worldist Marxism

Some reactionary "socialists" claim that Third Worldist Marxism has no basis of support within the Third World. It is thus worth stating that the proposition that entire nations benefit from imperialism is not only one enunciated by Lenin, but also by several Third World leaders. Irrespective of our overall judgement on their political views and behaviour, it is quite clear that many Third World leaders have been acutely aware of the nature of imperialist parasitism and its effects on the global class structure.

In 1964, for instance, Che Guevara was interviewed by Italian novelist Italo Calvino:

> Calvino: The European working class isn't interested in this talk about sacrifice. Or in this association of socialism with sacrifice and voluntary work. They are interested in cars and TV and higher wages. They support the Party because it leads the fight for higher wages. And they have a right to want this.
>
> Che Guevara: I'm very happy for the European working class with their higher wages. But don't forget who is paying for those wages. We are—millions of exploited workers and peasants in Latin America, Africa and Asia.[47]

The following year, Guevara wrote:

> Ever since monopoly capital took over the world, it has kept the greater part of humanity in poverty, dividing all the profits among the group of the most powerful countries. The standard of living in those countries is based on the

> extreme poverty in our countries. To raise the living standards of the underdeveloped nations, therefore, we must fight against imperialism.[48]

The former President of Tanzania, Julius Nyerere wrote in 1972:

> "To him that hath shall be given" is a law of capitalist and international economics; wealth produces wealth and poverty, poverty. Further, the poverty of the poor is a function of the wealth of the rich … For the poor nations are now in the position of a worker in nineteenth century Europe. The only difference between the two situations is that the beneficiaries in the international situation now are the national economies of the rich nations—which includes the working class of those nations. And the disagreement about division of the spoils, which used to exist between members of the capitalist class in the nineteenth century, are now represented by disagreement about division of the spoils between workers and capitalists in the rich economies.[49]

Jawaharlal Nehru, India's first Prime Minister, wrote this in 1933:

> It is said that capitalism managed to prolong its life to our day because of a factor which perhaps Marx did not fully consider. This was the exploitation of colonial empires by the industrial countries of the West. This gave fresh life and prosperity to it, at the expense, of course, of the poor countries so exploited.[50]

Conclusion: Anti-Imperialist Marxism

It is obvious that anti-imperialism has provided the cutting edge of revolutionary socialism since 1917 at the latest. Today, the serious predicament capitalism finds itself in is rooted in the contradictions of imperialism. Specifically, the ongoing Great Recession is rooted in attempts made since the late 1970s by the ruling classes of the leading imperialist countries to combat low growth and high inflation domestically by implementing *neoliberalism* (so-called fiscal discipline and open borders for trade and investment), *globalisation* (the worldwide spread of monopoly capitalism) and *financialisation* (the substitution of monetary speculation for investment in a productive economy that had met the limits of overproduction). The relative success of these attempts to postpone the inevitable crisis of capitalism was predicated upon the incorporation of huge numbers of superexploited labourers in the circuit of monopoly capitalist accumulation. This had the effect of not only maintaining the rate of profit at a level beyond what would otherwise have been possible, but also of further pacifying the already quiescent (as a result of social democratic social imperialist policies) First World workforce.

It is, therefore, strikingly obvious that capitalism's ability to maintain itself in the teeth of crisis revolves around its ability or otherwise to maintain the Third World in a subordinate position, whether by "fair" means or foul.[51] Those who ignore or downplay the paramountcy of imperialism in the preservation of contemporary capitalism so as not to shake the foundations of the superwages paid to both themselves and their would-be constituents cannot be considered socialists. It is time for us to make a clean break with them.

NOTES

[1] Russell 2013, p. 394.

[2] I refer readers here also to my critique of US scholar Charles Post, who denies the theory of the labour aristocracy (Cope 2013; 2014).

[3] Amin 1978, p. 62.

[4] Jauch 2005, p. 4; UNCTAD 2011, p. 24.

[5] Vitali et al. 2011.

[6] Upbin 2011.

[7] Vitali et al. 2011.

[8] Baiman 2011, p.21.

[9] Green and Sutcliffe 1987, p. 46.

[10] Smith 2013.

[11] Köhler 2005, p. 9.

[12] Figures for employment share are for the period 2001–2008, whereas the figures for market share are for 2009 only. Market share figure for coke, refined petroleum products includes nuclear fuel, whereas employment share figure does not.

[13] See, for example, Appelbaum and Gereffi 1994; Hopkins and Wallerstein 1986; Heintz, J. 2003.

[14] Amin 1977, p. 211.

[15] World Trade Organisation 2007; 2011.

[16] Post 2012.

[17] See Foran (2005) on the world systemic conditions for revolutionary upheaval and Paige (1978) on the class antagonisms most likely to produce revolution in the semi-feudal economies of the Global South.

[18] Baran 1978, p. 247.

[19] The word “loot,” commonly used in English parlance, is an Anglo derivation of the Hindi word loot, meaning “goods taken from an enemy, etc.”

[20] The Gini index is a measure of statistical dispersion intended to represent the income distribution of a country’s population. The Gini index is based on the Lorenz curve used to depict income equality, where the x-axis is cumulative population and the y-axis is cumulative income. Perfect income equality is expressed in a 45° diagonal straight line, but the reality of unequal income distribution expressed by the Lorenz curve typically shows a curve that is more or less flat for the first two-thirds of its trajectory, rising ever more steeply towards the end. The Gini index is the ratio of the area lying between the line of equality and the Lorenz curve over the total area under the line of equality. Inequality is implied when the Lorenz curve is below the 45-degree line, that is, to the left of the graph, where the percentage of people is higher than the percentage of income they receive, whilst to the right the percentage of income received is higher than the percentage of people receiving it.

[21] UNCTAD 2010, p. 142. UNCTAD notes: “Unweighted averages. Data refer to net national income for OECD countries and to gross national income for other country groups. Latin America comprises: Argentina, Brazil, Chile, Colombia, Mexico and Peru; Asia comprises: Bahrain, China, Hong Kong (China), the Philippines and the Republic of Korea; Africa comprises: Egypt, Kenya, Mozambique, Namibia, Niger, Senegal, South Africa and Tunisia; Transition economies comprises: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, the former Yugoslav Republic of Macedonia, the Republic of Moldova, the Russian Federation, Serbia and Ukraine; OECD comprises: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States.”

[22] ILO 2011*a*, p. 56.

[23] Bromma 2014.

[24] Emmanuel 1972, p. 265.

[25] Redfern 2005, p. 56.

[26] Claudin 1975, pp. 248–249.

[27] Redfern 2005, p. 67.

[28] Ibid, p. 57.

[29] Jaffe 1990.

[30] Redfern 2005, p. 58.

[31] Arnot 1967, p. 171.

[32] Redfern 2005, p. 59.

[33] Ibid.

[34] *The Communist*, November 25, 1920, quoted in Redfern 2005, p. 60.

[35] Redfern 2005, p. 61 *et passim*.

[36] Dutt quoted in Redfern 2005, p. 63.

[37] Redfern 2005, p. 75.

[38] *Workers Weekly*, October 27, 1924 quoted in Redfern 2005, p. 92.

[39] According to the Communist schema, the "first period" of post-WWI history had witnessed the revolutionary rise and fall of working class power, and the "second period," lasting up until the end of the 1920s, the consolidation of capitalist rule.

[40] Degras 1956*a*, p. 471.

[41] Redfern 2005, p. 92.

[42] Ibid, p. 94.

[43] Ibid, p. 95.

[44] See the essay on labour, imperialism and globalisation written by Prof. Timothy Kerswell and me to be published in the Palgrave *Encyclopedia of Imperialism and Anti-Imperialism*, 2015.

[45] Emery 2008.

[46] Bonacich 1972, p. 557.

[47] Schleifer 1964, p. 652.

[48] Guevara 1967, p. 159. This and the following quotes are taken from Jørgensen et al. 2014.

[49] Nyerere 1973, pp. 374–75.

[50] Nehru 1982 [1934], p. 548.

[51] Glazebrook 2013.

INTRODUCTION

This book began as an attempt to understand the regularity and intensity of racist and imperialist attitudes and beliefs within the working class of the advanced capitalist nations in order to explain the evident disinterest and disdain with which it greets revolutionary socialist ideas. My interest in the intersectionality of class and national identities was first sparked by coming to grips with the phenomenon of Northern Irish working-class unionism (that is, support for British authority over all or part of Ireland). Having ascertained that this was mostly not the product of "false class consciousness," political naïveté or national-democratic aspirations but, rather, the ideological auxiliary of the struggle by the Protestant working class of the north-east of Ireland to preserve those relative material privileges granted it by imperialism, I began to investigate whether the structural explanation for systematically reactionary behaviour by groups of workers was applicable on a wider geographic scale.

The present volume is intended, firstly, as a contribution to resurgent discussions on class politics and the future of world capitalism. Its central argument is that the assumption that material gains for workers in the imperialist countries represent advances in the direction of socialism (public ownership and workers' control of the major means of production) is no longer tenable, these being afforded only by heightened exploitation of dependent-nation workers. The connivance of First World workers in the maintenance of the current international division of labour—routinely obfuscated by opportunist apologetics stressing a radical dichotomy between the ruling class and citizenries of First World countries—can be seen in how they have functionally provided indispensable ideological and practical support to imperialist governments, parties, armies, employers, mass media and labour unions. No political party, trade union, television channel or newspaper, even supposed "liberal" ones,[1] can be too conservative, militarist, nationalist or racist to gain a mass following amongst First World workers.

Secondly, the book is a statement on the nature of *chauvinist bigotry* and its relation to class struggle in today's world. Extremely destructive national, "racial" and cultural prejudices can be witnessed in recent anti-immigrant rioting by poor South Africans; tensions between Indians and Pakistanis and between Sinhalese and Tamil groups in Sri Lanka;[2] ostensibly ethnic and religious conflicts in and around the former Soviet Union; and the Islamophobic, anti-Roma and anti-black racism prevalent throughout Europe and the United States today.[3] Marxian theorists (particularly of the Gramscian, Athusserian and "post-Marxist" varieties) typically understand working-class racism as being a form of "false class consciousness," whether inculcated by a cynical ruling class determined to sow division amongst an otherwise unified proletariat or the product of socio-epistemic myopia precluding accurate identification of "the enemy." Although in many of the aforementioned cases some workers undoubtedly "follow in the steps of their bourgeoisie,"[4] focusing their political activity against better-off foreigners or ethnic minorities, it would be extremely facile to suppose that all instances of national chauvinism must be understood in this manner. While anti-racist approaches highlighting the hegemonic strategies of ideological state apparatuses are valuable for deconstructing the mythology of advanced capitalist "cultural pluralism," the methodology they employ is often *a priori* and *idealist*. Racism, for example, is simply *presumed* to conflict with the real interests of all workers and, thereby, to be a set of ideas disconnected from material circumstances. Moreover, where the same corporate media propaganda system operates internationally, the "false class consciousness" theory of bigotry cannot explain why some workers respond positively and some negatively to its reactionary messages. Moreover, it cannot explain why workers would cling to an ideology which has persistently damaged their class interests over a period of centuries. If Einstein was right to think that the mark of insanity is doing the same thing over and over again and expecting different results, then, for the Euro-Marxist,[5] the First World working class must be mad indeed.

Other left and liberal approaches, by contrast, relate national and racial chauvinism to *intra-proletarian conflict* over jobs and benefits. In comparison to idealist analyses, these are far more realistic in attempting to connect chauvinistic ideologies to struggles over material conditions. However, sociological realism can become mired in *empiricism* when it abjures class analysis. To adduce a concrete understanding of why a social group espouses one or other form of exclusivist chauvinism, it is necessary to contextualise its commitment within the material structures of class and nation and not merely to point to competition or the mere *presence* of an ethnic minority. Simply put, some social groups, including certain groups of workers, are more prone to act on chauvinist principles because they benefit from doing so.

The present work distinguishes itself from much anti-racist analysis by situating its class-analysis approach *internationally*. Racism does not occur within the confines of a hermetically isolated society, but within an international class system fundamentally structured by *imperialism*. The ethnic, "racial" or religious composition of especially oppressed sections of the First World working class is intrinsically related to the geographic, military, legal, cultural and economic mechanics of imperialist national oppression.

Against reductionist approaches to conflicts within the working class, the methodology involved in the following examination of racial, ethnic and national chauvinism is materialist, critical and realist.[6] Where much mainstream academic and liberal political opinion has concentrated on exclusivist chauvinism as the product of misunderstanding and/or mistaken identity—in short, as a (set of) erroneous idea(s) eradicable through education—the task of the sociologist is to analyse the *objective* causes and conditions for working-class disunity. As US Sociology professor David Wellman argues, racism, a virulent strand of chauvinism, is not merely a set of prejudices in the minds of some individuals.[7] It is not possible to educate racism out of existence since racial oppression does not originate through indoctrination programs by racists;[8] "racism is a social relation, not the mere ravings of racist subjects."[9]

The present work argues that racism is the ideological expression of a system of profoundly unequal economic and political relations. To oppose racist thinking means to render it *inoperative* by practically abolishing those social institutions which accord it significance. Conceiving exclusivist chauvinism as grounded in a *soi disant* culture of intolerance is an inadequate sociological approach. A more substantial analysis connects racism to material inequalities bound up with the mode of production within which it arises and which it tends to facilitate.[10] Racial and ethnic chauvinism emanates, resonates, and is propagated within established social structures. As such, the present understanding of racism finds its focal heuristic in *imperialist society*, the concrete amalgam of psychological, social and political racialising modes of existence. The construction of this society is not viewed from the perspective of struggle between so-called "races" (which, in fact, do not exist in nature), but from the perspective of the construction of society itself, that is, of society's dominant mode of production. So-called "races" are not mere imaginary constructs, but ideological synecdoches reflecting the economic position of peoples relative to that of the hegemonic bourgeoisie and class fractions thereof, nationally and internationally.

There is currently a large body of work examining exclusivist bigotry as the product of the illiberal minds of its adherents. Well-funded academic institutes, "civil society" bodies and philanthropic trusts, seek to realise ways in which all parties involved in so-called "ethnic conflict" can have their perspectives heard, acknowledged and accepted without undue favour or denigration. Clearly, the much-vaunted liberal goals of tolerance and reconciliation appear humane, rational and laudable. Yet the methodological idealism of mainstream theories of racism (the treatment of racist ideas as active social agents detached from material conditions and of "race" and "ethnicity" as the discursive master signifiers) has prevented scholars from really getting to the roots of the problem. Liberal perspectives on racism, by ignoring not only structurally-grounded power and privilege but also underlying processes of capital accumulation, have invariably bolstered the notion that racism and ethnocentrism are products of *personal* bias. The left-liberal theory of justice (as formulated under the rubrics of

multiculturalism, pluralism, consociationalism and communitarianism) no less than its classical "liberal" opponent—which is now content to blame "multiculturalism" for the alleged failure of certain ethnic communities to integrate into mainstream First World society—has been unable to effectively challenge bigotry. Despite differences of emphasis and opinion on philosophical matters, both the communitarian and liberal individualist schools of contemporary political justice theory are alike in treating prejudice as a matter of opinion or identity, rather than something which cannot be understood, let alone remedied, without regard to structurally situated social practice. "Prejudice" has become a tacitly understood watchword for strategies of liberal-conservative conflict-management rather than something to be overcome through scientific practice. By contrast, socialist critiques of racism seek to radically transform the society from which it is sustained and generated.

Racism and related forms of bigotry should be understood as ways of thinking that are all-too-appropriate to the lived experiences and self-identities of First World citizens. The various forms of *national chauvinism* discussed in the first part of this book are in large measure the ideological correlates of particular class relations produced by and in the service of world capitalism. Before proceeding further, however, we must try to explain more precisely what we mean by some of our principal terms, namely, *class; nation and nationalism; "race"* and *racism; core, periphery* and *semi-periphery; dependency;* and *labour aristocracy*. Only then can we begin to clarify the historic relationship between them.

Class

The term "class" does not only refer to a social group's relation to the means of production—that is, to property ownership or its absence—and nor does it simply refer to any category relating purely to the technical division of labour at the societal or workplace level. Rather, class denotes a dynamic social relationship corresponding to the system of ownership, the organization of labour and the distribution of material wealth as mediated by ideological, cultural and political institutions and practices. Above all,

class is the product of political practices, with the relationship between the state and class struggle revolving around the issue of class *domination*.[11]

> In the process of production, human beings work not only upon nature, but also upon one another. They produce only by working together in a specified manner and reciprocally exchanging their activities. In order to produce, they enter into definite connections and relations to one another, and only within these social connections and relations does their influence upon nature operate —i.e., does production take place.
>
> These social relations between the producers, and the conditions under which they exchange their activities and share in the total act of production, will naturally vary according to the character of the means of production.[12]

In his study of Fanon's revolutionary nationalism, the late political theorist and political prisoner James Yaki Sayles writes that Marx[13] defined class in terms of individuals sharing (1) a common position in relation to the means of production (that is, as producer, owner, exploited and exploiter); (2) a distinct way of life and cultural existence; (3) social interests that are antagonistic to those of other classes; (4) a communal, national or international unity transcending local boundaries; (5) a collective consciousness of themselves as a class; and (6) a political organization serving as a vehicle for their class interests.[14] The present work accepts that the present global class structure is in part the product of political activity by and for the core-nation working class and rejects any opportunistic suggestion that the latter is a purely passive recipient of unsolicited imperialist patronage.

As the productive forces required to meet evolving human wants and needs develop so, ultimately, must the relations of production (political, legal and technical) required to support them also develop. Conversely, relations of production may hinder or facilitate the development of the productive forces. The dynamic between the forces and relations of

production forms the economic limits within which class struggle occurs and which determines class as a material relation amongst people conscious of their common situation and politically active in their solidarity. The capitalist mode of production tends to create two major social classes, namely, the bourgeoisie and the proletariat. Often, these terms are applied vaguely and confusingly, however. We shall attempt to clarify their meaning for the present purpose of understanding class in the modern world system.

The *bourgeoisie* is that group in society which directly (through full or part ownership of the means of production) or indirectly (through being paid *super-wages*)[15] depends upon the exploitation of workers for the maintenance of its income. The *working class* is that group in society which sells its labour-power in order to make a living. The *proletariat* is that section of the working class creating values under industrial (urban or rural) conditions which owns none of the means of production and is forced to subsist entirely upon wages equivalent to the value of labour-power. It is exploited through having nothing else to sell but its labour-power and, according to Marx, has "nothing to lose but its chains and a world to win."

Not all members of the working class are exploited since some may be members of what has been referred to as the "labour aristocracy." The *labour aristocracy* is that section of the working class which benefits materially from imperialism and the attendant superexploitation of oppressed-nation workers. The *super-wages* received by the labour aristocracy allow for its accrual of savings and investment in property and business and thereby "middle-class" status, even if its earnings are, in fact, spent on luxury personal consumption. Persons who may be compelled to work for a living but consume profits in excess of the value of labour either through some form of property ownership or through having established a political stake in (neo)colonialist society, may be bourgeois without hiring and exploiting labour-power. Thus, for example, Lenin could refer to "the bourgeois majority of the German nation,"[16] though that country's workforce (workers, lower and intermediate petty employees and civil servants) constituted approximately 72.2% of the population.[17]

The labour aristocracy cannot, however, be wholly equated with the *middle class* or *petty bourgeoisie*. Although the labour aristocracy forms part of the middle class, the middle class also encompasses self-employed property-owners, shopkeepers, small businessmen and professionals whose income largely does not derive from wage labour and whose characteristic ideology is bourgeois. The *labour aristocracy* and the *petty bourgeoisie* must also be distinguished from the *big* or *haute bourgeoisie*, the capitalist class as such. The big bourgeoisie is that class of persons in society who own sufficient property that they need never seek wage employment because they own the means of production. The big bourgeoisie also includes the leading representatives of the owners of industry, the *ruling class*, whose political power allows privileged access to obtaining or profiting from ownership of the commanding heights of the economy.

The present class system is built upon a relation between owners and non-owners of the means of production with those who own only their own labour-power and those who need never work forming opposite poles of the antagonism. The surplus-value created through the exploitation of labour sustains the wealth held by the 500–600 corporate and financial bodies dominating the global economy and largely consumed within the imperialist countries. Coming up against the outer limits of opportunities for profitable investment, sections of the proletariat become superfluous in so far as monopoly capital requires far greater infusions of surplus value to sustain growth rates (capitalism exhibits an inherent tendency toward overaccumulation). In the process, while some workers become destitute, others become upwardly mobile. At the individual level, possibilities for advancement may come down to job or training opportunities, at a national level to the expansion of white-collar industry. Ultimately, however, the *embourgeoisement* of the proletariat, that is, the creation of a middle-class working class, is a political question centred on increasing superexploitation. That is the explanation for the appearance and continued existence of a wealthy working class in the world's core nations. Imperialist national oppression is both the most crucial "historical and moral element"[18] of global wage differentials and the *sine qua non* for working-class conservatism.

Nation and Nationalism

Despite the term nationalism having been coined by German philosopher J.G. Herder in 1774,[19] a functional definition of "the nation," one that does not confuse the separate meanings of "nation," "ethnicity," "state," "country" and "nationalism," has since proven somewhat elusive. The term "nation" originally referred to people who were born in the same place (as in the Latin verb *nasci*, to be born). In the European universities of the late Middle Ages, "nations" were groups of students with a common country of origin. Only later, in revolutionary France, with the struggle waged by the National Assembly against "the economic and political prerogatives of noblemen and clergy,"[20] did the term come to have radical political significance. Some scholars, impressed by the social-constructivist peculiarities of the term, have recommended abandoning the project of defining "the nation" altogether.[21] There is, however, a distinguished body of literature upon which to draw for those seeking a working definition.

A *nation* is a culturally distinct group of economically integrated people with a common claim to political self-determination within a contiguous stretch of territory. A *state* is a governmental body possessing the legal monopoly of force, that is, *authority* over a given territory. State boundaries may or may not coincide with national boundaries. Some states may be multi-national democracies, formed by several nations combining through federation or union for joint authority. Alternatively, a state may be formed by one nation's hegemony over another without the latter being entitled to share power, as is the case for colonialist and imperialist states. For common bonds of nationality to become socially entrenched, the existence of a state is a necessary, though not a sufficient, condition. Only a state has the administrative, educational and economic means at its disposal to consolidate durable solidarity within groups whose particular local, family, tribal, religious and/or cultural bonds may be more material than national ones. As such, the economic surplus necessary to afford direct rule by the state over the national territory is a prerequisite for nation-formation, whilst (by the same economic rationale) nation-formation is best articulated within groups where a high level of internal solidarity pertains. Nation-

formation, then, is predicated upon there being an economic and political community of interests within a broad cultural group that may otherwise be differentiated ethnically or genealogically. Where systemic conflicts within a broad cultural group over political power and jurisprudence occur within the context of a basically decentralised set of production relations, the national question—a contested claim to statehood by (the representatives of) a nation or combination of nations—cannot arise. Thus the national question cannot arise where the principal social relationship revolves around the antagonism between landlord and serf, since there are no overarching class forces working to amalgamate feudal domains within a wider economic structure.

A nation or proto-nation's cultural ties (articulated and understood as such by nationalist leaders, politicians and *cognoscenti*) are those based on common language, religion and traditions. *Nationalism* is political activity aiming towards making national boundaries coterminous with those of the state. Contrary to modernist theories of nationalism (of which Eurocentric Marxism forms an influential subset), pre-modern *nations* existed and arose from the centralised state structures of, for example, the tributary systems of Ancient Egypt, China,[22] Ireland and Medieval England. Yet whilst *nationalism* undoubtedly appeared before capitalism (and, hence, outside Europe), the rise of the bourgeois state gave it more widespread significance.

Nationalism can take several political forms. What pioneering analyst of internal colonialism in Britain, US Sociology professor Michael Hechter has called *state-building nationalism*, aims to incorporate culturally distinctive groups by assimilating them to the culture of the nation-state.[23] Its success depends upon the extent to which subject culturally distinct populations are oppressed in the process and are able to effectively resist. Colonialism, for example, incorporates culturally distinct groups under the central state authority, but ensures that there is no legal and political parity between the dominant culture and the subordinate culture. In substance, if not always in form, therefore, colonialism is a *multinational* political system wherein the colonial state employs nationalist strategies to enforce

its rule at the imperial centre. State-building nationalism should be distinguished from what Hechter calls *unification nationalism*.[24] Whereas the former tends toward a putative cultural *inclusivity*, the latter is culturally *exclusive*. For example, whilst the state-building nationalism of the French Republic established in 1789 sought gradually to enculturate the French people—already unified under the political regime of absolute monarchy—according to the putative linguistic, religious and economic norms of the "French nation," 19th century German nationalism was primarily an attempt to unify and merge "a politically divided but culturally homogenous territory into one state."[25]

Cultural bonds or their repression are not the major causes of the salience of the national question. Rather, *nationalism is the product of class struggle* and the struggle by particular classes either (1) against oppression (primarily in the form of resistance to feudal, semi-feudal, colonial or neocolonial capitalist state power) or (2) against resistance to oppression (taking the form of colonialist or imperialist resistance to national independence movements). Blaut makes three points regarding national struggle as a form of class struggle:

> That [national] struggle is class struggle, however much its class nature may be obscured by ethnic and other complications; that the primary contradiction is the one between contending classes, exploiters and exploited; and that national movements are progressive and significant when their main class forces are the proletariat and other exploited and marginalised classes, as in struggles against colonialism.[26]

Where authority is imposed from the outside on nations by an oppressive state bent on superexploitation, the successful national struggle normally takes the popular and socialist form of people's war as the nation strives to wrest state power from a foreign oppressor. Conversely, where a state strives to impose oppressive rule on another society, the national struggle takes the form of colonialism. National struggle based on the class interests of a comprador or semi-comprador elite, meanwhile, tends toward a

neocolonial compromise formation. (The comprador bourgeoisie consists of those capitalists acting as middlemen managing production for foreign-owned firms and retailers.) Nationalism, then, is reflective of the dynamic political interests of different classes in societies at different stages of development. Relative to the struggle for socialism, a process in which the liberation struggle of exploited nations is a distinct though fluid stage, nationalism can possess either progressive or reactionary ends.

The capitalist mode of production does not *a priori* necessitate a singular form of state, nor does it respect the boundaries of existent states. Rather, the constitution of nations is determined not by the capitalist market in the abstract, but, concretely, by the world economy as it is ordered into a core and a periphery having distinct methods of capital accumulation and exploitation, and between which relations of domination, dependency and unequal exchange are established.[27] Every modern nation is either coloniser, colonised or a mixture of both at the same time. Considering the national question in light of colonialism and the attendant underdevelopment, it is erroneous to understand nationalism purely as a convenient vehicle for the bourgeoisie aiming to conquer state power. Nationalism can serve to legitimate either the struggles of the culturally and socially dispossessed or the needs of their oppressor.[28]

> National movements typically arise either in some combination of a rising bourgeoisie and one or more oppressed producing classes or, in modern times, a struggle by one or more oppressed and superexploited classes fighting to remove the burden by gaining control of the state in the process of national liberation. In either case, the most basic forces impelling the national movement are class forces, not ethnic forces. However, the national movements may cleave along ethnic lines, for any number of well-known reasons, and this is easily misinterpreted as evidence that ethnic conflicts per se are at the root of the struggle.[29]

Nationalism first arises as a movement when state and para-state forces seek popular support for their institutions and policies either so as to

counter pressure from domestic opposition by militant subaltern classes or as a result of the threat or actuality of international war. In the early modern period, nationalism grew out of the bourgeoisie's need to mobilise the populace on a war-footing. Popular insurgency in the Netherlands between 1568 and 1648 against rule by the "Holy Roman Empire" of Austria-Hungary and its Spanish army was perhaps the earliest example of the turn towards (religiously inspired) "active" nationalism.[30] As the trading cities of the Dutch provinces began to be squeezed by a Habsburg monarchy seeking to expand its struggle against rivals (the Ottoman Empire and the French monarchy), their inordinately numerous bourgeoisie moved to agitate the people for insurgency "so that they in turn, claimed the right to participate in political life."[31]

The nation-state created by the "Glorious Revolution" in England (wherein the ruling nobility became definitively bourgeois), by the French Revolution (wherein the nobility was politically displaced by the bourgeoisie) and in late-nineteenth century Germany and other Central and Eastern European countries as also in Meiji-period Japan (wherein it was forged on the basis of a bourgeois-feudal class alliance) are three distinct types. To justify capitalist expansionism, each soon created its own mythology through the construction of inter-class ties of national solidarity more powerful, economic and meaningful to the citizenry than economic and meaningful to the citizenry than either domestic class struggle or international class solidarity.

The rising bourgeoisie of the pre-industrial age advances nationalism at home at exactly the same time as it fights colonial wars to preserve its dominance in peripheral countries.[32] National-expansionist capitalism struggles to preserve a *semi-feudal* admixture of pre-capitalist and capitalist production relations designed to effect the *exogenous* development of the peripheral economy. It is important to reiterate that early capitalist colonialism provided the basis for autonomous national development and independent statehood in the core countries of the world economy while denying the same to the exploited periphery. In so far as the bourgeois nationalist project is successful, then, the "state of the whole nation" must

derive a portion of its authority from the oppression of other nations. In societies where the bourgeoisie has achieved sole or primary authority, nationalism becomes a reactionary force designed to legitimate (colonialist) capitalism.[33]

In the name of the retention or extension of democratic freedoms in the face of a "foreign" or "non-national" threat, the imperialist bourgeoisie is able to convince the popular classes, most especially when the latter are neither proletarian nor otherwise oppressed, that war and repression internationally is the surest guarantor of their liberty.[34]

"Race" and Racism

There is a dialectical relation between the constitution of the global class structure and its interstitial configuration at the national level which tends to be both obscured and naturalised (justified) by the discourse of "race" and racism. Racism, as a comprehensive worldview positing a hierarchical taxonomy of human groups on the basis of alleged inherent differences in ability and rights to goods and services, is a product of colonialism and neocolonialism, identified herein as an international system of capitalist class rule. The origins of "racial" thinking *per se* lie in the colonialist oppression which created the concept of "subject races." Racism has always "served the real material role of preserving [and justifying] cheap, docile, slave-mentality, super-profit-producing colonial labour … by means of open or hidden permanent reigns of racist terror in the mines, on the railways and farms and in the locations, compounds and reserves of Africa, central and southern America and Asia as well as all the oceanic islands."[35] Simply put, race provided ideological rationalisation and a model for organising colonialist capitalism.

The development of capitalism on a world scale produced deep-seated economic, political and cultural inequalities which, in the minds of its defenders (also its beneficiaries), have congealed *ideologically* around the ascription of supposedly natural characteristics—those which fit them for dominion or subjection—to peoples and nations. Yet racism is not only a

product of colonial capitalism; it actively *determines* degrees of superexploitation and, hence, levels of super-wages.[36] As such, the all-too-obvious intent on the part of a privileged minority of the international working class to repress members of oppressed nations is not primarily the product of "false class consciousness" but reflects an abiding and extremely lucrative interest in maintaining (neo)colonial capitalism, an economic system which racism simultaneously justifies and conceals.

The late anti-racist anthropologist Ruth Benedict defines racism as "the dogma that one ethnic group is condemned by nature to congenital inferiority and another group is destined to congenital superiority."[37] Racism is not, however, historically ubiquitous.[38] The word "race," referring to "ethnic" human groups distinguished by a common blood lineage, family or breed, did not come into Western languages until the middle of the 16th century and there is no word in ancient Hebrew, Greek or Roman with the same meaning.[39] Indeed, even the word *European*, as a noun referring to a human being, did not exist in the Ancient Greco-Roman era or in the subsequent medieval period up to the Crusades beginning in 1000 CE. Rather, it only came into common usage in the 16th century after colonialists began to distinguish Europeans from conquered "Asians," "Africans" (formerly known as "Ethiopians" or "Libyans") and (American) "Indians."[40] The tribes who came together to form Ancient Greece had no conception of any "European civilisation" of which much modern racist historiography insists they are the forebears. In the Ancient Greco-Roman world, whilst distinct groups of people were classified as such, anthropological categorisations proceeded upon the basis of designating peoples' cultural, as opposed to *biological* traits. The Roman conception of "barbarism," for example, was not based on racial paradigms. To Romans, a ("white") Gaul was a contemptible specimen of humanity since the degree of a people's "barbarity" was principally determined by their level of adherence to Roman law and the practice of Roman civil custom.[41]

The systematic representation of explicitly racist doctrine was also decisively lacking in Medieval Europe. For the 5th century Christian

theologian St. Augustine, the means of uniting and administering all of the various cultures and civilisations of the world was conversion to Christianity and the vehicle of that conversion was to be the jurisprudential institutions of the Roman Catholic Church. However, Christianity proved very capable of fomenting myriad religious, national and ethnic chauvinisms. For Political Science and History professor Anthony Pagden, the process of consolidating the European's identity as the most superior example of humanity on the planet, and thus the birth of the racist dogma *per se*, can be split into two temporal stages: the colonisation of the Americas between 1492 and the 1730s, and thereafter the occupation of Asia, Africa and the Pacific up to the period after the Second World War.[42] Similarly, according to Native American Legal scholar Robert Williams' examination of Papal encyclicals relating to the conquest of the Americas, the thesis of white supremacy initially gestated in theological distinctions between heathens and believers.[43] Where missionary zeal provided ideological justification for the early Iberian colonisation of the Americas, Native American conversion to Christianity might ultimately annul colonial claims to land and labour. As such, the necessity of totally subjugating the indigenous populations of Latin America was the vehicle for the Spanish Catholic power's relinquishing the earlier religion-based ideology of its purportedly "civilizing" project and replacing it with conceptions of the immutable inhumanity of the indigenous American population.[44] Although the Spanish crown and the Catholic church rejected the more outright proto-racist apologetics of the *conquistadores* vis-à-vis the Indian population, fearing that a settler-colonial population enriched by purely localized superexploitation might ultimately prove a disloyal partner,[45] the indigenous population's limited and dwindling numbers (having been exterminated, dispossessed of land, overworked and/or having succumbed to the new diseases imported by the Europeans), alongside their ability to escape from servitude, ensured that a new source of slave labour would have to be found. Since Europeans could not be enslaved without provoking serious political and military conflicts with other European powers—and without discouraging European settlement of the Americas—and Asians

were too far away, the Spanish turned to the enslavement of the peoples of the west coast of Africa.[46] The subsequent capitalist enslavement of Africans, particularly by the more consciously capitalistic Protestant planters of North America who completely dispensed with any religious justification for colonialism and slavery, became the bedrock upon which the entire racial *weltanschauung* was founded. Racism, in turn, assured the continued economic ascendency of all sections of "white" society over the superexploited and, hence, totally marginalised non-white populace.

Pioneering world-systems theorist Immanuel Wallerstein suggests that *race* denotes an international status group inseparable from the fact of global white supremacy.[47] Unlike *ethnocentrism*, a form of inward-looking narrow-mindedness shared by members of culturally distinct human groups, racism is the ideological correlate of hierarchical privilege aligned with phenotypical dissimilarity on a global scale:[48] Western supremacy, racism and burgeoning capitalism are originally synonymous. Perceptions of "racial" distinctions amongst Europeans, whilst not entirely disappearing (particularly in the Irish case and, later, as Nazi capitalism advanced), dwindled as the political gap between the white colonizer and the non-white colonised widened and as Europe began to confront the peripheral economic zone as an oppressor. In short, racist theory was first developed by European colonialists confronting the "darker nations" of the Third World as objects for perpetual exploitation and oppression.[49]

Racism must be distinguished from *xenophobia* which is the attempt to reject the perceived social intrusion of a foreign people. *Xeno-racism*, meanwhile, is where an oppressor nation, or a member of an oppressor nation, attempts to maintain colonial dominion by attempting to physically exclude members of a subject population from its own borders. Contemporary scholars have detected a shift from pseudo-scientific racism to a new, less biologistic, form of *culturalist racism* which articulates allegedly natural hierarchies amongst humans in a new way. The late British sociologist Ruth Frankenberg, who helped develop the academic field of so-called "whiteness studies," distinguished between the older "essentialist" racism, emphasising "race" difference understood in

hierarchical terms of essential, biological inequality, and the current discourse of "colour-blindness," "a colour-evasive and power-evasive" language that asserts "we are all the same under the skin."[50] In ignoring the "structural and institutional dimensions of racism," this discourse implies that "any failure to achieve is therefore the fault of people of colour themselves" since "materially, we have the same chances in US society" as whites.[51] US Sociology professor Jeffrey Prager has shown that in the same way slavery was legitimated by beliefs about the essential inhumanity of blacks, "the conception of the cultural distinctiveness of blacks today serves to explain and thereby tolerate a largely divided American society."[52] Neo-racism, couched in culturalist, as opposed to biologistic, terminology becomes dominant in the era of neocolonialism and in the West it is born from the Cold War ideological competition between the USA and the USSR. French Marxist philosopher, Étienne Balibar argues that new forms of racism (mainly centred on the so-called "immigration complex") fit into a framework of "racism without 'races'," a post-colonial racism based not on pseudo-scientific biological gradations of humanity, but on the supposed insurmountability of hypostatized cultural differences.[53] This differentialist or *culturalist* racism tends to naturalise human behaviour and social affinities like the older racism. While the latter certainly lives on in racist polemics such as the pseudo-science peddled by US writer Charles Murray and his followers,[54] the demise of colonialism and the advent of global neocolonialism renders the culturalist narrative a much sharper instrument for co-opting and legitimating Third World bourgeois elites, explaining away the ethnicised political struggles of global imperialism as "natural" and inevitable outpourings of mass (cultural) psychology.

It has been argued that competitive capitalism leads to a diminution of the significance of racial and racist norms.[55] Against this idea, social democratic political theorist Stanley Greenberg has argued that mature capitalism brings about a situation whereby the major organised classes in society—commercial farmers, businessmen and trade unionists—have a vested class interest in racial oppression. Commercial farmers try to enhance their market competitiveness on the basis of "plundering" the

subordinate peasantry, “undermining subsistence production, intensifying labour services, and limiting the scope of the labour market” for selected populations expediently targeted on the basis of their peculiar “racial” or “ethnic” composition.[56] Businessmen, especially in primary extractive industries like mining, advocate racial oppression so as to organize a proletariat and ensure its cheapness, immobility and political impotence. Trade unionists from the ethnically, nationally or racially dominant working class, both those representing skilled and those representing unskilled workers, seek to maintain their relatively privileged position in the labour market through advocating “protected employment and limiting the proletarianisation and mobility of subordinate labourers” on the basis of racial differentiation.[57] The “white Australia” policy fervently advocated by the Australian labour movement in the 20th century illustrates this dynamic as does the racism of its privileged and affluent counterpart in South Africa (“workers of the world unite and fight for a white South Africa!,” declared the then white-labour dominated South African Communist Party in 1922). Often control over the racial state and disputes over its political direction invoke bitter conflicts amongst the contending dominant classes in capitalist society. Whilst commercial farmers seek to limit the growth of a proletariat and the labour market, businessmen seek to create one for use in their mines and factories. Whereas the labour aristocracy seeks to protect its privileged position on the job market by means of restricting employment opportunities for particular national, racial or “ethnic” groups, businessmen prefer to substitute cheap subordinate labour. Where all agree, however, is on the necessity of using the state to repress subject groups for the purpose of drawing superprofits or super-wages and of embedding racial lines in society so as to keep power in the hands of the dominant classes.

As US sociologist John C. Leggett has argued, it is the *marginal* and not the *mainstream* working class which develops proletarian class consciousness.[58] The marginal working class is one (or more) proletarianised and highly segregated subordinate national, ethnic or racial group(s) typically filling manual and menial roles in industry and facing

severe economic insecurity. These workers' high rates of unemployment and low skill rates can be traced to historical and contemporary racial and ethnic discrimination and/or national oppression. Thus, in the US, the income gap between Black and Latino/Latina peoples, on the one hand, and whites, on the other, is not due to the factors that many academic researchers tend to single out as being its causes, but is entirely due to oppression.[59] Alleged lower skill levels result from less access to training and education and to employers' prejudiced judgments; broken families are the result of racist job and housing discrimination; and poor residential circumstances are the result of planned housing segregation away from economically thriving areas. By contrast, the disproportionately white-collar and relatively culturally heterogenous mainstream working class typically belongs to the dominant "racial" or national group. High education and skill levels contribute to these workers' much greater economic security so as to align their interests and consciousness with middle-class members of their own "race," ethnicity or nationality. For Leggett, just as German settlers enjoyed considerable privileges over Czech workers in the Sudetenland, Bohemia and Moravia prior to the First World War, in the United States Black workers have held proportionately fewer skilled jobs and earned less income than their white counterparts.[60] In both cases, "mainstream" workers discouraged marginal workers' participation in labour unions so as not to endanger economic privileges guaranteed by imperialist institutions.

According to Greenberg, the centrality of racial domination tends to recede within capitalist society as it becomes more advanced and reaches the stage of monopoly. Domestically, the mechanisation and rationalisation of agriculture allows the advanced-nation commercial farmer to dispense with much of the unfree labour she had previously relied upon. Businessmen seeking to expand domestic markets and utilise any labour at their disposal look at racial oppression as being, to some extent, anachronistic. Advantaged labour is upwardly mobile and not so concerned about a precarious labour market position. All of this leads to lessened racist political activity domestically for the dominant class interests in

monopoly capitalist society. However, against this view, it is clear that racial strategies and ideologies continue to play a major role in advancing the national interest shared by all the major classes in metropolitan capitalist society in suppressing liberation movements arising throughout the Third World and amongst colonial-minorities[61] in the First World. In general, imperialism allows for less visible *internal* colonialist repression as the exploitation of labour is carried on under conditions of *external* colonial and neocolonial dominion. To mobilise the First World citizenry for war, oppression, plunder and superexploitation in the Third World, it is necessary to invoke, politely sometimes, impolitely at other times, racist political slogans and build up racist institutions. Racism is always the method most favoured by bourgeois nationals seeking to repress colonial subjects living in their midst, particularly when these are seen to be improving their social position. All First World class strata have a relatively large and enduring *material* stake in racial repression at home and abroad in the era of monopoly capitalism, particularly during times of crisis.

What does the critical global political economy perspective reveal about racism? If it is admitted that material wealth goes to those classes poised for and engaged in (neo)colonialism, then it is clear that their ideological inclinations must celebrate it, the demands of political correctness and humanity notwithstanding. Racism, as the form of national chauvinism most appropriate to colonial capitalism, represents ideological consciousness aimed at the repression of the subaltern. If a section of the working class (historically, that is, of the proletariat) enriches itself through participation in a (neo)colonialist contract, whether consolidated through military service, electoralism, gerrymandering and electoral fraud, legal or illegal discrimination or localised terror and repression, then it must learn the basics of racist ideology.

In practice, this operates at two epistemic levels. First of all, ethnic minorities marginalised by the political economy of capitalism and its laws serve as a useful *scapegoat* for social problems occurring within the nation. The petty bourgeoisie (including the labour aristocracy), as a class sustained by exploitation of the proletariat, harbours an active fear of the poor as

such; recognition and respect in capitalist society is normally only afforded those with a certain level of economic wherewithal. Persons of lower socio-economic status are routinely mistreated and maligned, this especially if they are subject to imperialist domination. Thus, the mere presence of ethnic minorities originating from the Third World is sufficient to alert the petty bourgeoisie to their "destabilizing" pecuniary influence. The Third World in general is the object of disregard and disdain in First World culture (especially those Third World nations demonised according to the ideologies accompanying *current* imperialist offensives) and the petty bourgeoisie, seeking to bolster a sense of social solidarity based on the preservation of existing class distinctions, is unable to view ethnic minorities as much more than a nuisance at best. Secondly, and more importantly, the First World bourgeoisie is historically aware of its own class position as *dependent on national and racial privilege*. Whether or not this awareness is made explicit and thereby fully political depends on a range of factors (see Part IV of the present work). In any case, it is the *material* reality of class—and not simply the psychological succour provided by the "wages of whiteness"[62]—that we must look to for an explanation of racism's foundations.

The sheer fact of a social group's not being maltreated, maligned, exploited and marginalised allows its members to understand that they are both different and superior to the group that is thus oppressed. US social psychologists Don Operario and Susan Fiske argue that powerful individuals are more prone to act on and benefit from racial stereotypes and prejudices.[63] From this perspective, national, racial and cultural chauvinism is *prejudice plus power*. As American abolitionist Lydia Child put it in 1833, "We first crush people to the earth, and then claim the right of trampling on them forever, because they are prostrate."[64] For US policy analyst and political theorist Carter A. Wilson, the institution of slavery formed and necessitated a sadistic personality structure in its adherents and enforcers, wherein isolationism, fear and hatred are harnessed in an attempt to control, exploit, hurt and humiliate others.[65] As such, it is also the contention of the present work that racial violence should be considered a

standard, rationalised (as opposed to rational) and unexceptional phenomenon in an imperialist society that is systematically and empirically structured according to “racial” hierarchies.[66]

A great deal of political and economic capital is invested in racist discourses. Racism is not simply the epiphenomenal accretion of market mechanisms but, rather, a means of organising market forces *politically*. In Western Europe and the USA, the working class has no tradition of anti-capitalism that has not been derailed by economic and political *embourgeoisement* relying upon (national and international) racial discrimination for its substance. The alliances and allegiances formed by the metropolitan working class with states, parties and labour organisations that have consistently, and frequently vociferously, promoted and upheld imperialism has ensured that the rights and interests of its victims have always appeared at best nugatory and at worst injurious. The political consciousness of the metropolitan working class is attuned to its historical interest in defending the *status quo* against any and all anti-imperialist rebellion. While the scapegoating of immigrants and ethnic minorities for social problems is exacerbated by capitalist governments’ refusal to supply adequate social needs (jobs, housing and equal rights) equally for all citizens, rivalry between the First World’s long-term white residents and non-white communities over resources and life opportunities is based on the former having decisive material, political and cultural advantages which they endeavour to preserve at the latter’s expense. Thus the organised labour movement in the core countries has not only *neglected* to struggle against the special oppression of the oppressed working class,[67] it has *actively* involved itself in supporting imperialism.

White supremacy is sustained in and through imperialist capitalism. The established organs of imperialist democracy collude in and promote the racial-hierarchical management of class conflict. As such, the racism of the working class at the centres of the world capitalist system is not the result of a kind of sweeping backward consciousness as many socialists and liberals would have it. Rather, it is the end result of a process of political struggle wherein the economic and political privileges of living in an

imperialist nation have come to seem natural and acceptable to the majority therein. The growth of racism occurs through the reproduction of the established mode of production of the contemporary era; that is, the practices of capitalism and its concomitant neocolonialism, imperialist division of labour, border controls and wars. Only in understanding these phenomena, their political supports and their dehumanising effects, can we begin to effectively challenge racist discourses and practices.

Core, Periphery and Semi-Periphery

From its origins in the 17th century, when merchants from England, Spain, Portugal and the Netherlands invested their wealth in large state-chartered trading companies, capitalism has organised production and exchange on an intercontinental scale.[68] For centuries, capitalism has been a world-system wherein "intersocietal geo-politics and geo-economics has been the relevant arena of competition for national-states, firms and classes."[69] Seen from this global perspective of the unequal development of capitalism, production processes occur within three distinct types of economic zones, namely, *core*, *peripheral* and *semi-peripheral* zones.

The *core* (or globally metropolitan) zone contains the most economically advanced and politically dominant states in the capitalist world system. Within the international division of labour, core states specialise in producing goods using the most sophisticated production techniques. Core countries are those best able to profit from economic protection from external competition and to realise the highest returns on their investment through their effective monopoly of capital-intensive production. The level of exploitation and coercion of labour in core states is low.[70]

The *peripheral* zone contains those national economies which utilise less sophisticated and much more labour-intensive production processes than the core zone. The periphery is economically dependent on supplying commodities to the core and, for much of capitalist world history, has produced raw materials and agricultural commodities for export there. In

recent decades, however, as core country investment in capital-goods industries has outstripped that in consumer-goods industries, the periphery has begun to produce comparatively less capital-intensive manufactures (primarily, garments and mass-market goods) for export to the core. The level of exploitation and coercion of labour in peripheral states is high.[71]

Semi-peripheral countries are those whose economies are based on a combination of characteristically core *and* characteristically peripheral activities, that is, by "intermediate" levels of technology and capital-intensity.[72] The concept of the semi-periphery in the capitalist world system, however, is quite inexact. It may refer, variously, to (1) those developed countries somewhat marginal to core political, military and economic decision-making processes; (2) those semi-industrial Third World countries with sufficient demographic and territorial scale to allow for a degree of economic diversification; and, finally, (3) comparatively wealthy "developmental success stories,"[73] for example, those East Asian economies receiving US support for state-led industrialisation as a geopolitical response to the Chinese revolution.[74] Typically, semi-peripheral states are exploited (by such methods as unequal exchange and repatriation of superprofits) and dependent upon the core to complete their cycle of accumulation. However, semi-peripheral states also partake in the exploitation of the periphery by the same means.

Overall, since the income of labourers in the semi-periphery and the periphery and their respective class structures (characterised by a large semi-proletarian population) are broadly comparable and since both the periphery and the semi-periphery are dominated and exploited by core economic interests, the present work tends to speak mainly of the core and the periphery to refer to the First World and the Third World respectively.

Dependency

Dependency theory explains the underdevelopment (or, as historian and political analyst Michael Parenti aptly puts it, de-development) of economically backward (or poor) countries according to the particular

model of development imposed upon them by advanced capitalist (or rich) countries. According to this theory, the impoverishment of the peripheral capitalist countries of the Third World and the enrichment of the core capitalist countries of the First World are dialectically related processes, that is, the latter become richer in so far as the former become poorer. A country is said to be dependent when its economic base is structured according to the needs and requirements of the world market as dominated by the oligopoly capital of the imperialist countries.[75] Dependency occurs where a nation's growth is contingent upon the import of capital products or techniques which it has little or no control over and for which it is unable to substitute other products, sources, funds or techniques due to historical and contemporary international relations of economic colonisation "fostered by or facilitated by external intervention."[76]

According to Egyptian Marxist economist Samir Amin, the core economies of Western Europe, North America, Australasia and Japan dominate the leading sectors of the world economy involved in the production of capital and capital-intensive goods.[77] In order to sustain the market for these commodities, the global economy is organized so that workers in the core nations are paid high wages. At the same time, workers in Third World economies are forced (by repressive imperialist-sponsored governments and severe restrictions on international migration) to provide cheap labour for imperialist corporate and financial interests. Goods for mass consumption therein are provided by subsistence farmers and impoverished artisans. Since there is limited production for a mass market and an inordinately large reserve army of labour forcing intense labour market competition, wages tend to hover around or below those needed for minimal physical subsistence. For as long as the Third World economies remain subject to the economic *diktat* of the core capitalist powers, and the comprador elites of the Third World remain resolutely committed to its terms, the pattern of underdevelopment must continue in the absence of democratic upheaval.[78]

Underdevelopment and the non-diversification imposed by colonial and neocolonial means upon peripheral economies ensure that many

become dependent on the export of one or two crops or minerals. Third World producers thus inhabit a weak bargaining position and, consequently, their prices fluctuate according to metropolitan demand.[79] The Third World has been forced to embrace “free trade” even though all industrialising countries (industry bringing terrific increases in productivity), including Britain, have nurtured their industries behind tariff walls and other such protective devices.[80] The underdevelopment of the non-Western world by the metropolitan capitalist powers takes place unimpeded so long as the elites of the peripheral capitalist areas work to maintain their own dominance as dependent upon their trade with the metropolitan powers, that is, so long as they constitute a comprador bourgeoisie.

Of those non-Western countries embarking upon a process of capitalist development, only those relatively unhampered by colonial and neocolonial domination have been able to industrialise and attain some measure of social prosperity, the exemplary type being the Japan of the Meiji Restoration period.[81] Equally, only those peripheral nations that have broken out of their dependent relations to the metropolitan centre, that is, the socialist nations, have been able to embark upon socially beneficial development paths.[82]

Labour Aristocracy

The labour aristocracy is that section of the international working class whose privileged position in the lucrative job markets opened up by imperialism guarantees its receipt of wages approaching or exceeding the per capita value created by the working class as a whole. The class interests of the labour aristocracy are bound up with those of the capitalist class, such that if the latter is unable to accumulate superprofits then the super-wages of the labour aristocracy must be reduced. Today, the working class of the imperialist countries, what we may refer to as *metropolitan labour*, is entirely labour aristocratic.

The labour aristocracy provides the major vehicle for bourgeois ideological and political influence within the working class. For Lenin,

"opportunism"[83] in the labour movement is conditioned by the preponderance of two major economic factors, namely, either "vast colonial possessions [or] a monopolist position in world markets."[84] These allow for ever-greater sections of the metropolitan working class to be granted super-wages so that it is not merely the *haute bourgeoisie* which subsists on profits. Thus, according to Lenin, it is not simply capitalists who benefit from imperialism:

> The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism *on the whole country* that lives by exploiting the labour of several overseas countries and colonies.[85]

For Lenin, superprofits derived from imperialism allow the globally predominant bourgeoisie to pay inflated wages to sections of the (international) proletariat, who thus derive a material stake in preserving the capitalist system:

> In all the civilised, advanced countries the bourgeoisie rob—either by colonial oppression or by financially extracting "gain" from formally independent weak countries—they rob a population many times larger than that of "their own" country. This is the economic factor that enables the imperialist bourgeoisie to obtain super-profits, part of which is used to bribe the top section of the proletariat and convert it into a reformist, opportunist petty bourgeoisie that fears revolution.[86]

There are several pressing reasons why the *haute bourgeoisie* in command of the heights of the global capitalist economy pays its domestic working class super-wages, even where it is not forced to by militant trade-union struggle within the metropolis. *Economically*, the *embourgeoisement* of First World workers has provided oligopolies with the secure and thriving consumer markets necessary to capital's expanded reproduction. *Politically*,

the stability of pro-imperialist polities with a working-class majority is of paramount concern to cautious investors and their representatives in government. *Militarily*, a pliant and/or quiescent workforce furnishes both the national chauvinist personnel required to enforce *global* hegemony and a secure base from which to launch the subjugation of Third World territories. Finally, *ideologically*, the lifestyles and cultural mores enjoyed by most First World workers signifies to the Third World not what benefits *imperialism* brings, but what capitalist industrial development and parliamentary democracy alone can achieve.

In receiving a share of superprofits, a sometimes fraught alliance is forged between workers and capitalists in the advanced nations. As far back as 1919, the First Congress of the Communist International (COMINTERN) adopted a resolution, agreed on by all of the major leaders of the world Communist movement of the time, which read:

> At the expense of the plundered colonial peoples capital corrupted its wage slaves, created a community of interest between the exploited and the exploiters as against the oppressed colonies—the yellow, black, and red colonial people—and chained the European and American working class to the imperialist "fatherland."[87]

Advocates of imperialism understood very early on that imperialism would and could provide substantial and socially pacifying benefits to the working classes in imperialist countries. Cecil Rhodes, arch-racist mining magnate, industrialist and founder of the white-settler state of Rhodesia, famously understood British democracy as equaling imperialism plus social reform:

> I was in the West End of London yesterday and attended a meeting of the unemployed. I listened to the wild speeches, which were just a cry for "bread!" "bread!" and on the way home I pondered over the scene and I became more than ever convinced of the importance of imperialism … My cherished idea is a solution for the social problem, i.e., in order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen

> must acquire new lands to settle the surplus population, to provide new markets for the goods produced in the factories and the mines. The Empire, as I have always said, is a bread and butter question. If you want to avoid civil war, you must become imperialists.[88]

The late English historian Eric Hobsbawm usefully proposed that the labour aristocracy be defined in terms of the level and regularity of a worker's earnings; his degree of social security; his conditions of work, and the way he is treated by foremen and supervisors; his political and cultural relations with the social strata above and below; his general conditions of living; and his prospects of future advancement and those of his children.[89] According to Hobsbawm, the labour aristocracy first developed in Britain between 1840 and 1890 where improved economic circumstances in the country made it possible for the ruling bourgeoisie to afford "significant concessions" to the working class—in particular, that section of the working class whose scarcity, skill, strategic position in key industries and organisational strength facilitated its political ascendancy.[90] For Hobsbawm, the initial growth of the labour aristocracy is primarily related to the trade-union consciousness of skilled workers and their tendency towards organising according to trade rather than class. The distribution of imperialist superprofits to the metropolitan working class dissipates the cohesion of this earlier labour aristocracy since the entire working class becomes a "bribed" class.[91] For Hobsbawm, labour aristocratic privilege in general depends upon the ability of its holders to maintain other workers in a structural position of subordination:

> Only certain types of workers were in a position to make or keep their labour scarce enough, or valuable enough, to strike a good bargain. But the relatively favourable terms they got were, to a large extent, actually achieved at the expense of their less favoured colleagues; not merely at the expense of the rest of the world which British business dominated.[92]

The majority of workers found themselves restricted from entry into the unions of the relatively prosperous workers so that, however militant in relation to their employers, the labour aristocracy was also set against the majority of the workers in securing its special labour market position. Yet this provision of higher wages to a section of the workforce rests on the bourgeoisie's ability to afford these wages—that is, upon the condition of monopoly control over superexploited labour-power.

At the turn of the 20th century, the "new unionism" of Western Europe and the United States began to challenge the conservatism of the labour aristocracy and threatened the security of the capitalist system. As a means of countering this threat, more potential than actual, imperialist states began to incorporate wider swathes of core-nation workers into positions of power and privilege over the newly proletarianised workforce in the colonial and neocolonial countries by means of enfranchisement, the inculcation of jingoism and the guaranteed provision of rising living standards and working conditions. As it developed over the course of the last century, the labour aristocracy was first transformed from being a minority of skilled workers in key Imperial industries to a majority of imperialist country workers dependent on state patronage. From the First World War to the 1970s, social democratic politicians and trade-union bureaucrats were the reputable middlemen in the social partnership forged between oligopoly capital and metropolitan labour.

Even as the Keynesian social contract was systematically dismantled under neoliberalism, the massive proletarianisation and superexploitation of Third World labour in the final decades of the last century provided that unprecedented standards of living and the widespread introduction of supervisory and circulatory occupations further insulated metropolitan labour from the intrinsic conflict between capital and labour. Nineteenth century restrictions imposed by labour aristocratic unions on membership for the mass of workers have today been entirely substituted for restrictions on immigration from the Third World which are national in scope and allow the maintenance of profound global wage differentials.

The development of the labour aristocracy should not be thought of as purely the result of the machinations of a ruling bourgeois strategy to maintain power. Imperialism is a particular stage in the development of capitalism relying upon the extraction of superprofits from large portions of humanity. The ability of monopoly capital to exploit labour is restricted in that its high organic composition sets limits to investment opportunities which only superexploitation can (temporarily) overcome. To maintain the influx of superprofits and, hence, overall profit rates, imperialism must ensure that the working class in the core nations of the capitalist world economy, where it constitutes the majority, does not attempt independently to reorganize production in its own interests. Through its representative political institutions, imperialism therefore aims to keep its "own" workers committed to the *status quo* whilst accumulating additional profits and enervating potential opposition by maintaining domestic division on the basis of gender, "race," religion, ethnicity and market opportunity (for example, by controlling access to cultural capital and selectively applying penal policy).

Yet the labour aristocracy is a kind of Golem. Induced by the imperialist bourgeoisie to protect its hegemony, as metropolitan labour's wealth and power has grown the labour aristocracy is increasingly unaccountable to its master. Within the system of imperialism, the labour aristocracy today sets economic and political limits to its repression in so far as challenging its interests necessitates either open conflict within the First World between workers and employers, or an equally coordinated but piecemeal assault on its most vulnerable, poorest and most oppressed sections. Invariably, the latter process occurs according to the ongoing historical legacy of capitalism's uneven global development. Accordingly, today's imperialist bourgeoisie attempting valiantly to staunch the flow of superprofits to its working-class junior partners whips up racism in the media, through laws and through the pronouncements of its political representatives for fear that it cannot afford the political infrastructure nor the loss of trade to less neoliberal rivals should it attempt head-on confrontation with the whole.

By virtue of granting them a share in the enormous profits reaped from continual imperialist subjugation, the ruling class of the imperialist nations is able to keep its citizenry from striving to unite on a socialist basis with the superexploited nationalities. As the late US historian Bernard Semmel has correctly written, “The mere division of produce between capitalists and labourers is of very small moment when compared with the amount of produce to be divided.”[93] Greek Marxist economist, the late Arghiri Emmanuel expands upon this basic insight admirably:

> When … the relative importance of the national exploitation from which a working class suffers through belonging to the proletariat diminishes continually as compared with that from which it benefits through belonging to a privileged nation, a moment comes when the aim of increasing the national income in absolute terms prevails over that of improving the relative share of one part of the nation over the other … Thereafter a *de facto* united front of the workers and capitalists of the well-to-do countries, directed against the poor nations, co-exists with an internal trade-union struggle over the sharing of the loot. Under these conditions this trade-union struggle necessarily becomes more and more a sort of settlement of accounts between partners, and it is no accident that in the richest countries, such as the United States—with similar tendencies already apparent in the other big capitalist countries—militant trade-union struggle is degenerating first into trade unionism of the classic British type [“defensist” economistic reformism—ZC], then into corporatism, and finally into racketeering.[94]

For Lenin, writing a century ago when this process was nowhere near its mature stage, imperialism was succeeding in creating a large proportion of “straw bosses” and labour aristocrats within the core-nation working class. “To a certain degree,” he wrote, “the workers of the oppressor nations are partners of their own bourgeoisie in plundering the workers (and the mass of the population) of the oppressed nations. Politically, the difference is that, compared with the workers of the oppressed nations, they occupy a

privileged position in many spheres of political life. Ideologically … the difference is that they are taught, at school and in life, disdain and contempt for the workers of the oppressed nations."[95] The great American scholar and progressive W.E.B. Du Bois put it even more succinctly: "the white workingman has been asked to share the spoils of exploiting 'chinks and niggers'. It is no longer simply the merchant prince, or the aristocratic monopoly, or even the employing class that is exploiting the world: it is the nation; a new democratic nation composed of united capital and labor."[96]

With these definitions in mind, we can now begin our study of the labour aristocracy and its characteristic politics, both as developed historically and as existing today.

NOTES TO THE INTRODUCTION

[1] Edwards and Cromwell 2006.

[2] Sinhala chauvinism is mostly attributable to the class interests of the petty bourgeoisie and, above all, to the *divide et impera* policies of the Sri Lankan ruling-class. The sons of the middle-class Sinhalese recognize that their exclusive opportunity to secure university entrance, official and governmental positions, access to local markets, etc. depends in part upon the repression of their Tamil counterparts. As Tamil writer, activist and scientist, S. Sivasegaram (2007) argues in an excellent essay on the national question in Sri Lanka, the petty-bourgeoisies in that country have been the main force for chauvinist electoral politics, whilst the main parties have championed the class interests of the "feudal-capitalist" classes. It is these latter classes, fractious as they are in relation to the hegemony of foreign capital, who have consistently manipulated nationalist sentiments to divide the Sri Lankan people along ethnic lines and, as Sivasegaram has argued, have been encouraged by imperialism to do so. The Tamil political leadership has over time striven to convince the Tamil masses that language

and cultural discrimination is the principal, indeed the only, political issue facing them and has played down issues of class (represented amongst Tamils by the Communist Party of Sri Lanka and the Trotskyist LSSP, the Lanka Sama Samaja Party or Ceylon Equal Society Party). It has pointed to the clear Sinhala chauvinist aspects of SLFP policy, a party which, otherwise, might have provided an anti-imperialist platform to sway Sri Lankan politics in a democratic, pro-Tamil direction. Eager for US and Israeli anti-communist patronage, the leadership of the Tamil nation in Sri Lanka consistently opposed all SLFP legislation that may have strengthened working-class national unity. In any case, both the CP and, earlier still, the LSSP are guilty of having tailed the SLFP in a parliamentary alliance with the capitalist parties and pushing the Sri Lankan left in a bourgeois direction. The Tamil leadership largely ignored those revolutionary trends within the Sinhalese working class which broke with the national-chauvinist and reformist politics of the CP and LSSP.

[3] In this book, I will capitalise the word “Black” to indicate the national dimension of the African-descended population of the United States, whereas I will refer to “black” people as those persons of African descent inhabiting majority “white” societies to indicate their status as an oppressed minority as opposed to a nation as such. Throughout the work, I will refrain from using quotation marks around the words “black” and “white,” even though, properly speaking, the supposed colour of a people’s skin tells us little about their social existence that is not better explained with reference to their nationality.

[4] Fanon 1969, p. 124.

[5] Blaut 1994.

[6] Bhaskar 1975, 1978, 1998.

[7] Wellman 1993.

[8] Ignatiev and Garvey 1996, p. 179.

[9] Balibar 1991, p. 41.

[10] Scatamburlo-D’Annibale and McLaren 2003; Cope 2008.

[11] Poulantzas 1973.

[12] Marx 1978, p. 28.

[13] Marx 1968, p. 72.

[14] Sayles 2010, p. 286.

[15] Emmanuel 1972, pp. 110–20; Edwards 1978, p. 20.

[16] Cf. Gruber 1967, p. 59.

[17] Kater 1983, p. 241.

[18] Marx 1977*a*.

[19] Alter 1989, p. 7.

[20] Hechter 2000, p. 10.

[21] Connor 1978; Tishkov 2000, p. 627.

[22] Amin 1980.

[23] Hechter 2000.

[24] Ibid., p. 17.

[25] Ibid.

[26] Blaut 1987, p. 3. Blaut here underestimates the progressive role that can be played by the national bourgeoisie, an exploiting class, in the Third World. The national bourgeoisie finds itself playing second fiddle to imperialism in political, military and cultural terms, and is forced to observe foreign, imperialist capital receive a disproportionate share of the value produced by its country. Such contradictions place the national bourgeoisie in the anti-imperialist orbit, even though it will almost certainly strive to compromise with imperialism if left to its own political devices.

[27] Balibar 1996, p. 134.

[28] Lenin 1969, p. 121; 1964, p. 24.

[29] Blaut 1987, p. 45.

[30] Harris 1990, p. 33.

[31] Ibid., p. 34. Holland was the first state to arise out of a bourgeois revolution—namely, the national independence struggle against Spain and the (Calvinist) Reformation against Catholicism in the 16th century. The Dutch United Provinces later played a role in thwarting Spanish imperial designs during the Thirty Years War (1618–48) after which a Europe-wide state system was established with the Peace (Treaty) of Westphalia. It was mercantile fleets financed by German Hanseatic merchants, bankers and direct slaving by the Dutch merchant marines which gave the Dutch bourgeoisie the financial and military strength to wrest political power from Spain in the Treaty of Utrecht of 1713.

[32] Lenman 2001.

[33] Conversely, in semi-feudal colonial and neocolonial societies, the national bourgeoisie as such is not dominant and its nationalism retains a progressive democratic thrust as it struggles against oppression by foreign monopolies. Furthermore, nationalism driven by the needs and aspirations of the proletariat (that section of the working class intrinsically interested in the eradication of relations of exploitation) is the opposite of bourgeois national-chauvinism.

[34] Thus, for example, Napoleon “perfected the [Jacobin] terror by substituting permanent war for permanent revolution” (Marx and Engels 1975*b*) and thus “externalized” the highly fraught contradiction between the reactionary *haute bourgeoisie* and the radical sans-culotte working class within the French Revolution (Mayer 2000).

[35] Jaffe 1980, p. 26.

[36] Edwards 1978, p. 260.

[37] Quoted in Banton 1970, p. 17.

[38] Hannaford 1994, 1996; Snowden 1970.

[39] Hannaford 1996.

[40] Jaffe 1980, p. 2.

[41] Banton 1970, p. 18.

[42] Pagden 1995.

[43] Williams 1986, p. 229; 1990.

[44] Cox 1948, pp. 333–4.

[45] Castro 2007.

[46] Allen 1974, p. 257.

[47] Wallerstein 1980, pp. 178–181.

[48] Amin 1989.

[49] Bessis 2003, pp. 29, 241*n*.

[50] Frankenberg 1993, pp. 14, 139.

[51] Mills 1997, p. 95*n*.

[52] Prager 1982, p. 103.

[53] Balibar 1991, p. 21.

[54] See Bowles et al. 2000 for a rebuttal of eugenicist accounts of social hierarchy.

[55] For a statement defending the view that competitive capitalism must inevitably reduce racial and ethnic discrimination see Sowell (1975, p. 168; 1981). For a critique see Cotton (1998) and Brown et al. (2005, pp. 68–103).

[56] Greenberg 1980.

[57] Ibid., p. 26.

[58] Leggett 1968, pp. 14–15.

[59] Perlo 1996, p. 79.

[60] Leggett 1968, pp. 33–4.

[61] Blaut 1987.

[62] Roediger 1999.

[63] Operario and Fiske 1998, pp. 34–5.

[64] Quote from *An Appeal on behalf of that class of Americans called Africans*, online: http://en.wikiquote.org/wiki/Lydia_Maria_Child

[65] Wilson 1996, p. 73.

[66] Burke and Pollock 2004.

[67] Davis 1993.

[68] Chase-Dunn et al. 1998.

[69] Ibid.

[70] Shannon 1996, pp. 27–43.

[71] Ibid.

[72] Chase-Dunn 1989, p. 207.

[73] Li 2008, p. 96.

[74] Chase-Dunn 1998.

[75] Oligopoly arises when highly concentrated corporations come to dominate entire industries; monopoly when entire industries are under the control of only one firm.

[76] Petras and Cook 1973.

[77] Amin 1974.

[78] Samphan 1976, p. 3.

[79] Barratt Brown 1974, p. 100.

[80] Ibid., p. 101.

[81] Frank 1989.

[82] As Emmanuel writes: “Without this [break] North America would now be an ex-colony of American Indians recently promoted to independence

and therefore still exploited by England." (Emmanuel 1986, p. 93)

[83] Since socialists use the term "opportunism" to refer to the sacrifice of long term-social principle to short-term material gains, it is today an inappropriate term to use for a labour movement that has committed itself to supporting imperialist trade unions, parties and wars for well over a century.

[84] Lenin 1969, p. 65.

[85] Lenin 1970.

[86] Lenin 1963, p. 433.

[87] Degras 1956, p. 18.

[88] Cecil Rhodes quoted in Lenin 1970, p. 729.

[89] Hobsbawm 1964, p. 273.

[90] Hobsbawm 1970, p. 208.

[91] Cf. Moorhouse 1978, p. 62.

[92] Hobsbawm 1968, p. 322.

[93] Semmel 1970, p. 90.

[94] Emmanuel 1972, pp. 180–1.

[95] Lenin 1963, pp. 55–6.

[96] Du Bois 1915.

I. HISTORICAL CAPITALISM AND THE DEVELOPMENT OF THE LABOUR HIERARCHY

"Adherence to racist ideologies can be mightily assisted by material incentives; as inhumane motives for violence and oppression, the factors need not be opposed and very often can hardly be distinguished."
Götz Aly

This section puts forth a mid-range analysis[1] applying high-level theory to historical events to explain how the populations of advanced capitalist countries have become actively embroiled in supporting international class relations that both reproduce and rely upon attendant ideologies of national chauvinism. The unequal international power structure and the petty-bourgeois class status which it affords First World citizens is the principal reason for the popularity of racism, xenophobia and ethnic bigotry in the imperialist countries (in particular, the United States, Canada, most of Europe and Australasia).

In the subsequent four chapters, I will argue that *socially pervasive oppressor nation chauvinism* has had four main phases of development corresponding to shifts in the dominant mode of capital accumulation in the world economy. Firstly, *imperial chauvinism* arises in the mercantilist period in those polities wherein internal colonialism plays a pivotal role in the state formation essential to autocentric capital accumulation. Secondly, *racial chauvinism* arises in the classical capitalist period, where overseas and settler colonialisms play a determinant role in the expansion of metropolitan industry. Thirdly, *social chauvinism* arises in the imperialist era, when monopoly capitalism and colonialism coincide to allow for the distribution of superprofits amongst leading sections of the oppressor nation

working class. Finally, *First Worldism* arises in the global imperialist period after World War II, in which the military, political and economic supremacy of the advanced capitalist nations over the neocolonial dependent nations (the Third World as such) allows for the mass embourgeoisement of the metropolitan working class, including those already bourgeoisified workforces in the settler-colonial nations of North America, Australasia and Israel.

In each of these phases, the globally ascendant capitalist class propagates its characteristic ideology down through the expanding ranks of the oppressor nation(s) by degree, so that today all four forms of oppressor nation chauvinism are encapsulated in a popular *First Worldist* ideology of racist disregard for human well-being. This section contends that there has been an overarching community of interest between the bourgeoisie and subordinate classes in the core nations of the world system spanning, with only minor and short-lived interruptions, the past four hundred years of human history.[2] This relative unity has its foundation in the exploitation of the capitalist periphery.

The historical development of the modern world system is the product of the compulsions of competitive capital accumulation wherein the Third World was created first as the grounds for plunder and enslavement, then as a ruined periphery providing raw materials and export markets to the West and, finally, as a source of raw materials, investment income and undervalued commodities.[3] The consolidation of capitalist relations on a world scale has developed through three distinct phases,[4] namely, the *mercantilist* stage of so-called primitive accumulation; the *classical* stage of mature “competitive” capitalism; and the *monopoly capitalist* or imperialist stage which we remain in today.[5] Corresponding to each phase is a distinct type of metropolitan chauvinism, each of which both preserves and transcends the previous (in Hegelian terms, this kind of process is referred to as *aufheben*, meaning “sublation”). We will examine each of these phases of capitalism and their corresponding modes of national chauvinism in turn.

CHAPTER I.[1]

MERCANTILISM AND IMPERIAL CHAUVINISM

Mercantilist capitalism (c.1492–c.1769, broadly, from Europe's "discovery" of the "New World" to the first industrial revolution) entailed the promotion of manufactured exports from and the restriction of manufactured imports to the core markets of the global economy (as codified in Cromwell's Navigation Acts of 1650–51 and the ensuing Acts of Parliament—the Hatter's Act, the Iron Act, the Calico Act, the Corn Bounty Acts and the Acts of Limitation—aiming at restricting industrial development in the colonies);[6] the discovery of America by Europeans in search of trade routes to Africa and Asia bypassing those of the Ottoman Empire[7] and the subsequent plunder and genocide of its indigenous population;[8] the "quadrilateral" African slave trade;[9] the exchange of silver extracted from American soil by slave labour for Asian manufactures destined for re-export;[10] the repatriation and subsequent domestic investment of American colonial profits by European merchants;[11] the constitution of the periphery of the new capitalist world system as a fragmented and extraverted economy dependent on supplying the proto-industrial core nations with land, grains, sugar and precious metals produced in conditions of serfdom or slavery;[12] the gradual erosion of seigniorial economic structures in the core nations of the world economy; and the use of the "putting-out" system whereby capital accumulation was centred on the subcontracting of work by a central agent to cottage industries producing ironware and, especially, woolens.[13]

The core nations in this phase of global capital accumulation—mostly concentrated on transatlantic trade—were Holland, France and especially, from the latter half of the 17th century, England. Latin America, parts of North America, Eastern Europe and coastal Africa formed the periphery. The Iberian Peninsula and the Italian city-states declined to semi-peripheral

status while Germany ascended to that level. The merchant bourgeoisie was not a properly industrial capitalist class at this stage and was relatively dependent on circulating the produce of pre-capitalist artisanal, slave and *corvée* labour (as in the Eastern European semi-periphery of the global economy), mainly embodied in luxury items. Much profit was obtained through "buying cheap and selling dear" or what the late Marxist economist and Trotskyist Ernest Mandel termed "unequal exchange on the basis of unequal values."[14] Nonetheless, the buildup of merchant capital and the development of forms of free labour which underpinned it steadily undermined the feudal economy and laid the foundations for a capitalist system to develop in the expanding market ports and towns of medieval Europe.

Mercantilism and the Creation of the Third World

Capitalism first arose in England. It was originally the product of the degeneration of landed property relations characteristic of late feudalism; that is, the marketisation of land to capitalise on expanding urban trade networks and overcome the increasing limits to serfage set by the deconcentration of land ownership.[15] Monetization of the economy accompanying the inflationary influx of precious colonial metals (Spanish America produced 64 million gold pesos of precious metals annually) provided Europe's proto-capitalists with purchasing power over land and labour and the possibility of extended credit. Foreign trade based on the world-historic conquests of the Americas and of India (and the advances in maritime, navigational and related military technology which made these possible) provided Europe with huge monetary wealth and a cumulative contribution to its profit rates.[16] Meanwhile, as European manufactories expanded so as to provision the mercantilist navy and goods to overseas suppliers to exchange for commodities to be sold at home,[17] the process of primitive accumulation helped sustain the armed shipping that facilitated it. English manufacturing industries oriented to colonial markets generated rising wages which catalysed capitalists' struggle for labour-saving

technological innovation.[18] Soon, the reserve army of labour created through the enclosure of the English commons was set to work using newly-minted industrial technology,[19] whilst the prosperity of England's land-holding population (and the conspicuous consumption of its colonialist gentry) secured the domestic markets required for capitalism to take root.[20]

Primitive accumulation at the expense of Arabs, Asians, Native Americans and Africans gave huge added impetus to primitive accumulation in Europe itself, where the separation of independent peasant producers from the land, the ruin of the artisans and the transfer of landed wealth into the hands of the bourgeoisie was intimately connected to expanding colonial trade. As renowned British Marxist economist the late Maurice Dobb noted, the mercantilist system of "state-regulated exploitation through trade which played a highly important role in the adolescence of capitalist industry" was inherently colonialist.[21] Mandel writes:

> In the decisive formative period of the capitalist mode of production, extending from the sixteenth to the end of the eighteenth century, the creation of the world market was of crucial importance … But all through this period of the birth of capitalism the two forms of surplus-value appeared at each step. On one hand, it was the outcome of the surplus labour of the wage workers hired by the capitalists; on the other, it was the outcome of values stolen, plundered, seized by tricks, pressure or violence from the overseas peoples with whom the western world had made contact. From the conquest and pillage of Mexico and Peru by the Spaniards, the sacking of Indonesia by the Portuguese and the Dutch and the ferocious exploitation of India by the British, the history of the sixteenth and eighteenth centuries is an unbroken chain of deeds of brigandage which were so many acts of international concentration of values and capital in Western Europe, the enrichment of which was paid for, in the literal sense of the word, by the impoverishment of plundered areas.[22]

Mandel underestimates the extent to which surplus-value was directly produced by colonised indigenous American workers, as opposed to their output being simply seized as pillaged wealth, during this period of so-called “primitive accumulation.” The late US professor of anthropology and geography James Blaut, whose excellent work has demolished many myths of Eurocentric historiography, has shown that the commercial capital of the merchant bourgeoisie was at the earliest point in the development of the capitalist system invested in mining and other productive operations in the conquered New World territories, exploiting more labourers (waged and unwaged) and generating more profits than European workers of the time (English textile industry being the major vehicle for Europe’s internal transition to capitalism).[23] Arguing against Marxist professor of history Robert Brenner’s thesis that capitalism was born *sui generis* in rural England,[24] Blaut insists that those late-medieval variables which Brenner links to the rise of an originally agrarian capitalism in England (a landless peasantry, cash tenancy, rural wage-labor, large-scale production for sale, peasant struggle and agricultural innovation) could also be found in many parts of Southern Europe, Africa and Asia, as could the widespread urbanisation Brenner downplays.[25] Blaut instead locates the rise of capitalism in Europe’s subjugation of the Americas:

> Europe was no farther along in social evolution than Africa or Asia (painting on a continental-sized canvas) at any time prior to 1492 … . [T]he single advantage which Europe’s mercantile-maritime communities enjoyed over the competing mercantile-maritime communities of Africa and Asia was location. European centres were some 5,000 miles closer to the New World than any competing non-European centre, hence were much more likely to make contact with New World places and peoples first, and were thereafter certain to monopolise the immense fruits of plunder and exploitation … . [T]hese New World sources of wealth explain the more rapid rise of mercantile capitalism in Western Europe than elsewhere, and thus the bourgeois political revolutions of the 17th century. And after capitalism had taken power in its “home”

> countries and thus could exploit a potential proletariat both at home and in the colonies, it is not hard to see why Europe then entered a period of autonomous progress, and simultaneously squelched the economic and political progress of other parts of the world.[26]

For Marx, too, the primitive accumulation of capital could be witnessed in the conquest and pillage that Europe carried out from the 16th century onwards:

> The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black skins, signaled the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation.[27]

Indeed, some historians have argued that “primary” primitive accumulation actually predates the 16th century:

> The rise of capitalism in Europe was a world process whose greatest content was colonial, right from the Crusades, and the Samarkand, Timbuktu, Moroccan, Senegalese, Guinean expeditions of European kings and merchants up to and beyond the driving of the Arabs out of Europe [which took place after their defeat at Granada by King Ferdinand and Queen Isabella of Spain in 1492—ZC].[28]

The Crusades were a war of “feudal proto-Europe”—in alliance with already powerful banking, commercial and manufacturing capitalists therein—against rising Arab commerce in the Mediterranean and Arab urbanisation in the Southern European coast (Sicily, Spain and what became Portugal) and the Levant-Byzantium area. They were financed by loans, shipping and materials supplied by the nascent bourgeoisie of Venice,

Genoa, Padua and Naples.[29] These latter cities were, in turn, massively enriched by the primitive accumulation of capital generated in North Africa and the Middle East and secured through plunder. They went on to provide the initial capital required for Europe to embark on its process of primitive accumulation in Africa and America.

Already gold from the Ghana-Guinea region netted 15th century Europe an average US$3 million a decade before the 16th century "Discoveries" of America and Africa.[30] In the same period, French, Portuguese, Spanish and Italian interests took some 700 tonnes of gold from North Africa, West Africa and the Sahara.[31] The contribution of plunder from Africa to the growth of capitalism began in earnest, however, with the slave trade.

Slavery was the single most decisive stimulus to the maturing capitalist system in Western Europe. At the end of the 18th century, British Prime Minister William Pitt declared that 80% of all Britain's foreign trade was associated with slavery. The sugar plantations required relatively advanced machinery to process cane, whilst the transport of slaves boosted the shipping and ship-building industries, providing employment opportunities for skilled and unskilled European labour. Selfa notes that in the 1840s, 75% of the raw material for British cotton textile industry—accounting for 75% of British industrial employment—was produced by slaves on colonial American plantations.[32] British historian Robin Blackburn has estimated that slavery profits may have provided anything between 20.9% and 55% of Britain's gross fixed capital formation at the beginning of the industrial revolution.[33] Profits derived from the slave plantations also facilitated much-needed credit flow to the early industrialists. James Watt's invention and production of the steam engine, for example, was wholly financed by capital made from the slave trade. The brilliant South African historian, economist and highly unorthodox Trotskyist, Hosea Jaffe (one of the handful of Marxist authors who have reached conclusions similar to the present one on the parasitic nature of today's Western working class) has calculated the surplus-value produced

by US slaves in 1850 as being 8 times higher than in England or in the US for (then) similarly impoverished “white” labour.[34] In sum, Britain’s 18th century shipping, banking, insurance, mining and textile industries were wholly dependent upon slavery.

From the 16th century onwards, North and Western Europe took part in the Iberian Peninsula’s slave trade with German-Hanse participation in the early voyages of European “discoverers” in Africa and the Americas. With the Hanseatic League’s growing strength, the region’s craft guild system became tied to foreign commerce and to the production of articles to be exchanged for slaves.[35] In the century before the industrial revolution, thousands of artisans in London, Kidderminster and across Britain were engaged in making small items of iron, glass, shoes, candles, hats, pewter, cottons, copper, paper, gunpowder, spoons, casks, containers for brandy, as well as beer to use for paying African chiefs and the Europeans on the Guinea coast.[36] In addition, non-manufactured British and Irish goods such as beef, butter, oats, cheese and potatoes found ready markets in the West Indies.

Italy, Spain, Portugal, Holland, France, Denmark, Scandinavia, Germany and Britain all energetically participated in the slave trade. Settlers from these countries in the Americas, the Cape, Java (Indonesia) and West Africa lived off slavery. As major commercial and industrial entrepôts, New York, Liverpool, Bristol, Plymouth, Glasgow, Dieppe, Rouen, Bordeaux, Calais, Antwerp, Amsterdam, Bremen, Hamburg and Lisbon flourished principally as ports receiving slave-made produce (sugar, spice, tobacco, coffee, silver and gold) and as suppliers of guns, brandy and other goods necessary to the quadrilateral trade. British, French, German, Portuguese and Scandinavian ship-building depended for centuries on slavery as did the 18,000 European sailors in 19th century Britain, and the many more outside it.[37] By 1800, 500 British slave ships comprised over one third of the total British merchant marine fleet, while 80% of British imports from these ships came from the West Indies plantations alone. After its national unification in the 1579 Treaty of Utrecht, Holland’s successful rivalry with Spain secured the beginnings of a Dutch slave trade which by

1619 was exporting slaves to Dutch settlers in North America. Growing after the 1641 defeat of Portugal at Malacca, Malaysia and in Sri Lanka in 1649, Dutch expansion was only checked by Britain's 1651 Navigation Act and the total triumph of British slaving by the mid-nineteenth century.[38] The Danish, Swedish, Norwegian, Finnish, Russian and Polish capitalists were also "monarchically protected participants in the slave traffic, via the Baltic and North Seas and the late 'Holy Empire' behind which stood the economy of the Germanic Hanseatic League. All of these countries had or manned slave forts on the African west coast and had settlers in America."[39]

In short, increased agricultural productivity and the growth of a class of urban artisans and traders coincided with the massive concentration of capital in the hands of a merchant bourgeoisie taking advantage of slavery-based trade with colonial America to propel Europe to the core of a new incipiently capitalist world economy. As a consequence, whilst mining and other exploitative operations in the Americas had given European capitalism its first decisive comparative advantage in world trade, slave production in the Caribbean and American sugar and coffee plantations (where "brutality and subjugation were the order of the day")[40] provided its second. Both together constitute the historical foundations of the current pyramidal system of international inequality.

Nationalism and the Transition to Bourgeois Rule

The same colonialism which lay behind Holland's rise to world eminence in the 16th and 17th centuries played a determinant role in the political and global ascendancy of the English bourgeoisie and occurred precisely at the expense of Holland on American land and Spain and Portugal at sea. Plunder, piracy and slavery gave the British landed aristocracy sufficient means of primary accumulation to allow it to become a financial bourgeoisie. Below it there grew a middle class of merchants and artisans (including Flemish weavers) and, beneath that, a class of impoverished landless peasants and former yeomen—ruined by the new-found colonial

clout of its competitors and masters—who fled to the towns and quickly joined in the colonial project themselves.[41] It was colonialism which gave the English bourgeoisie the economic strength to bid for state power, in alliance with a predominant commercial section of the gentry and the petty bourgeoisie in the 1648 Cromwell Commonwealth and in the 1688 “Glorious Revolution,” when Dutch Prince William of Orange was invited by a section of the landed elite to overthrow King James II and take over the British Crown for himself.

The European bourgeoisie first established the capitalist nation-state form through its conquest of political power from feudal propertied interests and for the orderly structuration of its characteristic activities, namely, trade, commerce and the exploitation of wage labour. Capitalist industry was able to develop in Europe only in so far as a powerful absolutist state was first to establish a coherent political framework for capital accumulation. What was the economic justification for absolute monarchy in the Western European emerging capitalist states of the 15th and 16th centuries?

Absolutism was the product of a conflict between the landed aristocracy and an ascendant merchant class—mainly trading in fuel, precious metals, luxury items and spices on an intercontinental basis—over prices and the relative share of trade in the towns and burgs. Absolute monarchy resulted from a convergence of class interest between King and merchants against the feudal lords over the relative share of surplus to be wrung from the peasantry, with the latter taking advantage of the conflict and striving to retain a larger portion of the product of its own labour. Major peasant uprisings—occasioned by onerous tribute being wrung from an embattled aristocracy—occurred in England and Germany between the 14th and 16th centuries. Absolute monarchy—conceived essentially as an all-powerful arbiter of a princely alliance—was given its most articulate defense by English philosopher Thomas Hobbes (1588–1679), although, previously, French philosopher Jean Bodin (1530–1596) had similarly argued that the sovereignty of the “commonwealth” or republic was vested in the absolute power of the monarchy. Ironically, however, since it rested

on the politically vouchsafed fiscal support of the bourgeoisie, absolute monarchy helped to lay the groundwork for its own abolition.

According to Marx and Engels,[42] in the last half of the 15th century bourgeois-monarchical class alliances broke the power of Europe's feudal nobility and established absolute monarchies based essentially on *nationality*. In the conquest of state power from the feudal nobility lie the historic roots of modern nationalism. Contrary to neoliberal ideology, Europe's bourgeois societies were established in and through the creation of a national currency, national measurement systems, national laws, national police, the abolition of feudal regional and legal barriers to domestic free trade, the setting up of protectionist national barriers to trade with capitalist competitors, and a national army for overseas conquest and domestic security.[43] In the course of struggling against feudal hangovers, the nationalist bourgeoisie of the early modern age economically and politically united and organised relatively greater portions of the population and helped to overcome (albeit partially and increasingly unenthusiastically) hereditary social divisions based on rank, status, birthplace and family. Within the core countries of the world system, nationalism was initially employed as the ideological legitimation of proto-capitalists' need to overthrow monarchic and aristocratic authority so as to "permit the accumulation of capital on a scale to allow competition with units of capital located in extant nation states" and establish "spatial boundaries within which the processes of capital accumulation and proletarianisation could occur."[44]

The catalyst for nation-construction in the seventeenth and eighteenth centuries was mercantile capital accumulation. The major classes in the core of the world system each sought advantage in this nascent capitalist mode of production: peasants struggled to overcome feudal restrictions on land ownership, the nobility to increase its military might and territorial propriety, and the artisans and merchants of the towns to augment their capital. By the start of the 17th century, the hub of wealth creation in the new capitalist world system was no longer land rent and tribute, but domestic handicraft and local and international trade in commodities in

which Western Europe had gained a decisive advantage. The 17th and 18th century merchants, artisans, bankers and states of Holland, England and France—which had overtaken as core countries a Spain and Portugal unable or unwilling to adapt their semi-feudal economies to the demands of industrial capitalism[45]—began to operate semi-independently of the owners of agricultural wealth.

In large measure this was because they were able to meet the demand for food in the growing towns and cities (the trading outposts of the bourgeoisie) by exchanging luxury items and manufactures for the produce of Eastern European grain-producing manorial economies, creating in the process one of the first cases of historical underdevelopment and dependency.[46] The increased production of commodities required removing many feudal and semi-feudal restrictions on exchange, such as tithes, state-monopolies, price-controls, quality-controls, import-export taxes and duties and other measures designed to keep national wealth firmly in the hands of the landed nobility.

In short, the rise of production for the market, of exchange-values as opposed to (pre-capitalist) use-values, required a forceful challenge to the political domination of purely landed property and to the political, ideological and economic bulwarks of feudalism, including the Absolutist state itself. This was the major cause of the creation of properly *national* states, wherein political power became centralised and dispersed according to the democratic demands of the embryonic bourgeoisie. As such, a synthetic relation developed between the expansion of the market economy and national identity in early modern Europe:

> The emergence of big, integrated regional markets made people aware of each other and created regional solidarities which transcended local class interests … E.A. Wrigley showed some years ago how London achieved dominance over much of England as early as the seventeenth century. Local tradesmen and farmers—there were few real peasants [that is, farmers cultivating small plots of land with their own family labour and dominated by a landed

> upper class—ZC] any longer—saw the capital as the market and source of supply of the last resort. Similarly, networks of agricultural and proto-industrial specialization brought food and other products to the capital or diffused them outward from it. The growing export of English goods to Scotland has been credited with easing the path to the union of the two countries in 1707, creating a kind of British "patriotic economy." To a lesser extent, the Île de France [that is, the metropolitan area of Paris and its environs—ZC] had achieved a degree of economic dominance in France, though the revolutionary wars were to show how easily this might be undermined. This long, slow integration of economies underpinned a growing sense of patriotism among gentry and merchants. They were increasingly subject to similar forms of training and education, similar legal systems, and similar patterns of consumption and leisure. The rituals of the French court brought representative nobles to live for long periods in hotels in Paris, cementing a sense of common identity.[47]

The colonisation of the Americas and the African slave trade strengthened the Western European merchant bourgeoisie, bolstering a powerful political ally and providing a ready market for the small-holding peasantry struggling against feudalism.[48] In England, however, the relative strength of the latifundiary nobility (in large measure predicated upon its colonial base in Ireland and America), and the early proletarianisation of the peasantry, precluded a very radical inter-bourgeois class alliance against feudalism. After the upheaval of the Cromwellian revolution in which yeomen (small farming proprietors) and artisans played the vanguard role, a compromise was established between landed and merchant-industrial property—similar to that which would later come to fruition in Germany and Russia half a century later—in the "Glorious Revolution" of 1688 that installed capitalist rule for the first time in history. Whereas in Germany the bourgeois state was initially based on autarchy and in Russia on extraverted dependency—both largely predicated on the exploitation of the domestic peasantry—in Britain it was more firmly grounded in internal and external

colonial-capitalism. Where colonialism in general provided the historic catalyst to capitalism and afforded European workers the historic privilege of constituting a proletariat in the first place, Britain led the way in showing how industrial development could be accelerated on the basis of "the increasing import of raw materials and foodstuffs which serve as a prerequisite for the home trade in manufactured goods, for the internal market, [so] that the country is not compelled to waste productive forces on the production of raw materials and food."[49]

Internal Colonialism and the Historical Origins of Imperial Chauvinism

National solidarity is secured in the metropoles by the sharing out of land and superprofits—derived, first, by colonial and, more recently, by neocolonial plunder—to the domestic working class. However, in the colonial and imperialist stages of capital accumulation this process was much more pronounced than in the mercantile stage. Indeed, Robinson has argued that "not one state of the 16th or 17th century was reliant on … an identification between the masses and their rulers."[50] In this view, not only national chauvinism (loyalty to a nation-state engaged in the oppression of other nations) but even nationalism itself had limited popular appeal until the era of bourgeois revolutions (c. 1789–1848). However, as we shall see, those bourgeois states formed in the modern era on an *imperial* basis—in particular, Great Britain and the United States (the latter actually *formed* as a property-owning nation)—bred *popular* national chauvinism from their inception.

An ethnic division of labour in the fields of the military, industrial and agrarian labour, services, and bourgeois commerce itself was evident from the earliest point of capitalist development in Europe.[51] However, in the mercantilist phase of global capital accumulation, the lower classes within much of the core of the world economy were insulated, both ideologically and materially, from the repressive effects of the colonialist restriction on peripheral national development. Nation-formation in France, for instance, was largely free of jingoism, although it is significant that none

of the revolutionary working-class forces within the country, including the Communards of 1871, ever called for dismantling the Empire. The different ethnic groups of pre-revolutionary France, what French journalist and revolutionary the comte de Mirabeau called a “formless heap of disunited peoples,” became relatively, albeit slowly, integrated into bourgeois democracy.[52] Later, in the semi-peripheral Tsarist Empire of the 19th century, despite the vicious anti-semitism displayed by “pre-capitalist, petty-bourgeois elements in the cities and among the smaller nobility,”[53] the Russian peasantry could not be accused of any sustained or extensive national chauvinism. The Russian peasantry had no class interest whatever in supporting the Tsarist loyalism of the *pogromschiki*, or the Black Hundreds gangs. Concerted efforts by reactionary forces during the Russian revolution to convince the peasantry that their economic and political woes were the product of Jewish and “Judeo-Bolshevik” intrigue fell largely on deaf ears.[54]

By contrast, the first nationalist wars for the *oppression* of foreign nations are the wars fought by broad sections of the English people for the subjugation of Ireland between 1640 and 1690. Nation-state formation in multi-national, mercantile capitalist Britain consistently excluded Ireland from its process of democracy-building, aiming as it did towards the outright theft of Irish territory, the monopoly of its resources and the retention of its rural population as a dependent reserve of cheap labour.

Between 1642 and 1651, armed conflict broke out in England between supporters of parliamentary democracy and supporters of absolute monarchy. The English Civil War arose out of the opposition of merchants to Royal trading monopolies, particularly amongst those hoping to capture commercial advantage over Spain; the opposition of capitalist yeomen to extortionate taxes imposed by the Crown to fund lavish feudal lifestyles and wars against religious dissent across Britain; the opposition of urban artisans to the price and quality controls and localized tariffs characteristic of feudal economy; and the opposition of many peasants to high rents. The backbone of popular opposition to Absolutism in Britain before and during the Civil War in which it was abolished was, therefore, the English middle

classes in the country and, even more so, in the towns, where the wealth of merchants (whose representatives in the House of Commons were far richer than their rivals in the House of Lords) largely funded the revolutionary effort.

In 1649, the leader of the Parliamentarian side in the Civil War, Oliver Cromwell, led an invasion of Ireland meant both to eliminate any military base from which a last-ditch defense might be made by the Royalists and, also, to carve up its territory for redistribution to the merchants and speculators who bankrolled his army. The late US historian Karl Bottigheimer shed light on British "popular colonialism" in Ireland, explaining the financial and supplementary motives of the Cromwellian colonists, thus:

> Of the 1,533 adventurers it is possible to attribute a geographical location to all but 202. Of the 1,331 who can be classified, 750 prove to have been from London … The remaining adventure money came from all over the country … the West Country as a whole generated an amount of capital and a number of investors unmatched by any other provincial area. The West had long been identified with Irish colonization, particularly with the plantation of Ulster in the late sixteenth century, but this is not necessarily an adequate explanation of the enthusiasm of Devon. In addition, the phenomenon of small investment is nowhere more visible than in Exeter … The adventure in Exeter was therefore markedly different from the adventure in London, where it was largely the province of very rich men. In Exeter appeared the phenomenon of "popular" colonialism, in which relatively humble people sought security and increments of wealth from the nearby lands of Ireland.[55]

The merchants' campaign between 1649 and 1650 to settle Ireland by means of mass terror, distributed the confiscated lands of Irish Earls—more than eleven million acres—amongst over 100,000 Scottish and English settlers, many of whom were previously unpaid soldiers in Cromwell's army and were, according to Rev. Andrew Stewart of Donaghadee, a

contemporary observer, “generally the scum of both countries … abhorred at home.”[56] In consequence, capitalist colonisation transformed many of Britain’s poor into landed stockholders of Empire, helping Britain to achieve what its lack of a sufficiently large petty bourgeoisie had precluded in the past, namely, a colonizing military garrison populace capable of pacifying the centre of Ireland’s national resistance.

During the plantation of Ulster of 1641 to 1703, massive British violence (causing the death of over one quarter of the population during the three years of Cromwellian conquest), the forced emigration of thousands of Irish prisoners to the West Indies, and wholesale land confiscation reduced Irish Catholic landownership from 59% to 14%.[57] At the same time, the process of “making Ireland British”[58] required the imposition of penal laws barring Catholics from buying land, speaking Irish, bearing arms, becoming lawyers and buying horses worth more than five pounds. These and similar laws provided the legal basis upon which to ensure the total dispossession and political marginalisation of the native Irish Catholic population in favour of the British settler and colonial ascendancy.

For a century after the “Glorious Revolution” of England’s bourgeoisie, the Catholic population of Ireland, that is, the non-settler-colonial majority, was forced into a position of complete servitude and all-encompassing oppression designed to ensure that their country’s agriculture was controlled by and for England. Up to that point, the major means attempted whereby Ireland’s economic surplus (mainly extorted by rack-renting landlordism) could be secured by England’s ruling class were, chronologically, the Anglo-Norman “middle-nation” (when Anglo-Norman feudal lords were imposed as a colonial buffer between the English state and a despised Irish tribal populace); the “surrender and regrant” policy of the Reformation (when Ireland’s resistance to English landlordism was to be diminished through its tribal leaders being granted hereditary titles to land upon their promise of fealty to England); and the later Tudor plantation (when Protestant planters were to form the major bulwark of English rule over and above Ireland’s indigenous leadership).[59] All of these policies failed in the teeth of the strength and resilience of Ireland’s own social order

and the resistance of its people and its elite to the relatively weak military, political and financial means England had at its disposal.

However, after a century of deliberately causing mass famine by scorched earth policies, dispossessing and escheating Irish land, and killing with superior military might, the late 17th century saw England in a historically unprecedented position to ensure Ireland's total subjugation. It was to do so by means of the settlement of a mass of heavily armed and self-financing English and Scottish yeomen and tenantry who were entirely culturally distinct from the native Irish population in their language, their customs and their religion. However, since there was not the ready base of recruits willing to leave their home for an uncertain and impoverished life in Ireland, and since the colonial commercial gentry required the continued existence of a native agrarian labouring population to exploit, this settlement policy only came to full fruition in the province of Ulster, where military contingencies firmly dictated its necessity. There, full-blown *imperial chauvinism* became an indispensable tool for the maintenance of British rule.

Primitive accumulation of capital in Britain was partly sustained by the century-long plunder of Ireland. Money lent by English merchants (the same involved in North American and Caribbean colonial ventures) to the Cromwellian campaigns (£306,718) was more than that invested in any British colonial project of the time except the East India Company.[60] Yearly land rental in Ireland was estimated in 1670 at £800,000 out of a total national income of £4 million while in 1687 the estimate of Irish rents was £1.2 million.[61] These are estimates of the annual flow of money from Ireland to England in the period before industrialisation in England when Ireland provided a ready-to-hand base for primitive accumulation and cheap land and labour.

> Enormous profits fell to the planters, who could get three times as much gain from an Irish as from an English estate by a fierce exploiting of the natural resources of the island and its cheap outlawed labour. Forests of oak were hastily destroyed for quick

> profits: woods were cut down for charcoal to smelt the iron which was carried down the rivers in cunning Irish boats, and what had cost £10 in labour and transport sold at £17 in London. The last furnace was put out in Kerry when the last wood had been destroyed. Where the English adventurer passed he left the land as naked as if a forest fire had swept over the country.[62]

At the same time, throughout the 17th century, the colonisation of Ireland guaranteed English merchants huge profits derived from shipping inexpensive Irish foodstuffs to North America and the West Indies. Irish historian John O'Donovan quotes a 1689 book by George Philips, *The Interest of England in the Preservation of Ireland Humbly Presented to the Parliament of England*, to the effect that "the islands and plantations of America are in a manner wholly sustained by the vast quantities of beef, pork, butter and other provisions of the product of Ireland."[63]

It was not only absentee landlords and merchants who partook of the spoils of plunder in Ireland. An estimated 12–18% of English and Welsh consumption during the industrial revolution was met by Irish livestock produce.[64] Indeed, wheat and livestock exports to England continued unabated while the famine following Ireland's potato blight of 1846–7 (the country being unnaturally dependent upon the tuber as a colonial cash crop) claimed the lives of over a million peasants. Similarly, in the half-century preceding its independence in 1947, colonial India had a growth rate of exportable commercial crops over ten times higher than the growth rate of foodgrains, which almost stagnated.[65] This process of metropolitan consumption being sustained and expanded at the expense of literally squeezing the life out of millions of people denied national self-determination continues today, where as much as 60–70% of Northern food items have tropical or sub-tropical import content.[66]

The Anglo-Irish satirist and Dean of St. Patrick's Church of Ireland Cathedral in Dublin Jonathan Swift wrote in 1730 that "the rise of our rent is squeezed out of the very blood and vitals, and clothes, and dwelling of the tenants, who live worse than English beggars."[67] Was Swift

exaggerating? 37% of the English people in the 17th century were middle- or upper-class, that is, professionals, middle-level peasants, low clergy, merchants and shopkeepers, farmers and artisans, lords, baronets, knights, squires, maritime traders, gentry, state officials, land traders, jurists and lawyers, state clerks, rich farmers, navy and army officers, or high clergy.[68] They consumed 79% of the national product (£44.74 million), or £35.4 million. Since the average population of England and Wales in the 17th century was approximately 4.75 million,[69] the per capita income of 37% of the English people (that is, 1.75 million) was £20. The average annual income of the 63% (or roughly 3 million) of 17th century English people who were proletarian or semi-proletarian (sailors, labourers, soldiers, poor and landless peasants and vagabonds) was £3. Assuming, very generously and *ad arguendum*, that the average Irish income was about half of this (remembering that British workers typically consumed 3.5 times their subsistence),[70] we must conclude that approximately 85% of Irish people, or 1.7 million people,[71] had an annual income of £1.50. By comparison, the annual income of a poor and landless English peasant family was an estimated £6.10s and an English vagabond and her family £2.[72]

English nation-state formation was originally the product of a (briefly republican) political alliance between the merchant bourgeoisie, the petty bourgeoisie and commercial sectors of the landed gentry, allied through their reluctance to bear the onerous burden of taxation imposed by a profligate monarchy. “No taxation without representation,” was its slogan in a national struggle which had broad popular appeal. The English Civil War was a war in which the anti-monarchy side was strongly supported by the mass of the people so that its New Model Army was recruited from the mass of the peasantry in selected regions and aspired to a meritocratic, as opposed to an aristocratic, officer corps.[73] Puritanical *anti-Catholicism*, arising after the English Reformation aimed at ridding Britain of a clerical institution with its base in a foreign country and strong ties to unreconstructed landed property, provided the *ideological* core of the new English national agenda. Alongside the promise of a share in expropriated

church property, anti-Catholic sentiment helped to rally layers of the poorer English peasantry around the cause of oligarchy in Britain. The same newly-enfranchised British population which had benefitted from the parliamentary revolutions of the Cromwell era fought hard against the national independence of the Irish people. Since the Irish shared the Roman Catholic religion of recalcitrant remnants of the feudal English ruling class — who in 1688 on Irish soil made a last ditch defense of their ascendancy — and were to be subjected to provide land and profits for British merchants and their settler recruits, the formation of nationalist consciousness amongst British Protestants became tied to an anti-Irish imperial chauvinism.

Cromwell's New Model Army was strongly influenced by the bourgeois-democratic egalitarianism of the Levellers, a political movement popular at the time amongst middle- and well-off farmers and craftsmen.[74] Indeed, fifty years later, during the Battle of the Boyne in 1690 (which resulted in the total extirpation of Irish national independence from Britain), many of Prince William of Orange's soldiers sported sea-green ribbons identifying themselves as fighting in the Leveller tradition.[75] During the English Civil War, when both Ulster Protestants and sections of the Irish Catholic Confederacy threatened to provide Royalist forces with an Irish base for attacks on England, leading Levellers John Lilburne, Richard Overton, William Walwyn and Thomas Prince (imprisoned in the Tower of London for seditious activity) showed "remarkable reluctance" to commit themselves openly to advocating or criticizing English aggression against Ireland for fear that either position on such a "divisive issue" might lose them support. Prince had personally invested £125 in the Adventurers' fund of 1642 for suppressing the Irish rebellion, "a project which committed successive English governments not only to reconquest, but to large-scale confiscation of Irish land," and also appears to have been involved in supplying English troops in Ireland with butter and other victuals. There is precious little evidence of opposition to the principle of English rule in Ireland in 1647, even amongst the minority of radical democratic forces around the Levellers.[76] Both the official declarations of the New Model

Army and the radical pamphlets issued by the rank and file professed "principled" support for a military expedition to Ireland and even the "left" within the New Model Army tended to argue for a more "peaceable way of reducing that Nation."[77] Amongst the mutinous troops of Cromwell's Army, evidence for opposition to the conquest of Ireland is overwhelmingly negative and the little that existed revolved around soldiers' perception that "they were not being given the chance to choose, individually, whether to go to Ireland or not."[78] Although there were at least a few "left-wing levellers" who opposed the colonialist strategy of their acknowledged leaders, the vast majority of the English popular classes had no qualms whatsoever about forcibly reducing Ireland to the status of an English dominion. As Irish historian Dr. Micheál O'Siochrú writes: "A few anonymous pamphlets seemed to question the legitimacy of an invasion, but the vast majority of opinion in England enthusiastically supported the enterprise."[79]

As Balibar writes: "A social formation only reproduces itself as a nation to the extent that, through a network of parameters and daily practices, the individual is instituted as *homo nationalis* from cradle to grave, at the same time as he or she is instituted as *homo oeconomicus, politicus, religius*."[80] As just such a means of national enculturation, colonialist oppression and religious differentiation reinforced one another to create an enduring image of the Irish as, quite literally, "beyond the pale" of normal British identity.[81]

Mercantilism and the Peaceful Advance of Metropolitan Capitalism

The popular democratic struggles associated with the development of the capitalist state laid the groundwork for the establishment of a nationalist class alliance in the metropolitan countries. In his superb study of the Irish national question, historian Erish Strauss noted that in Britain, although the enclosure movement beginning in the 17th century began to pick up pace in the early 19th century, the existence of the Poor Law in Southern England meant the increasingly penurious agricultural workforce did not increase its

numbers sufficiently for landlords and urban manufacturing capitalists.[82] Altering this law took many years during which time English and Scottish industrialists turned to colonial Ireland for a supply of “cheap and docile” labour. Thus, the British state founded on internal-colonialist structures could only produce popular narratives of national belonging in England and Scotland which excluded the Irish.

The growth of private property and capitalist enterprise in 18th century Britain, generally on a small scale and thus unhampered domestically either by powerful feudal remnants or intense exploitation, generated significantly improved productivity, employment and purchasing power and contributed hugely to social stability in the country.[83] Steadily improving living conditions convinced the British majority—that is, citizens other than the tiny industrial proletariat, the landless peasantry and captive workers in hospitals, prisons, workhouses and convents—that their material circumstances were improving alongside the growth of national consciousness. Extensive and minute gradations of income and property militated against the class warfare which inevitably accompanies capitalism in its competitive, colonial and imperialist forms. Private charity and the provision of the Poor Law helped the least well-off members of 18th century British society (typically, the unemployed) through times of crisis and guaranteed their protection from starvation or destitution. “Friendly societies” and formal and informal systems of social insurance in the workplace guaranteed many workers (particularly artisans and craftsmen) subsistence income at all times and even forged bonds between workers and their employers. By setting up compulsory insurance schemes, employers could circumnavigate legal restrictions on using impoverished migrant labour by guaranteeing they would not have to avail of the Poor Law dole. Friendly societies set up by workers themselves were more common, and their funds were frequently used to sustain them in occasional disputes with and strikes against employers. Strike pressure was effectively and successfully applied by organised artisans throughout the 18th century in those areas of industry where high wage and employment levels did not already suffice to discourage organisation.

Even rioting over food prices (often caused by deliberate hoarding on the part of larger sellers of agricultural produce) was very successful in 18th century Britain, where the same violence over the distribution of food commodities met with punitive repression on the part of the British authorities in the semi-colonial Ireland of the time.[84] Food rioters in England protesting high prices seized supplies of foodstuffs and distributed them cheaply while during periods of food shortage, local mobs or sympathetic magistrates imposed cheap price agreements on local businesses. Hoarders of food were forced to open their stores so that artificial dearths were thereby prevented. Even when a crisis in food supply went beyond local control, the British state made sure to impose effective measures. Popular protest and government intervention thus ensured that food riots in England did not become protests against capitalism as such but, rather, aimed to make the system work according to "traditional" patterns of supply and demand. As the late British historian Ian R. Christie suggested, food rioting in mercantilist England was an essentially *conservative* process.[85]

In the 18th century, the ascendant British bourgeoisie was also able to grant far-reaching political concessions to the general populace, thereby democratising its rule:

> In general, the voters were largely drawn from the middling ranks of society, rather than from the propertied elite or the labouring poor, though there were some voters from all the significant social groups in the country. According to Frank O'Gorman only about 15–20% of voters were drawn from the richest sectors of society (including landed gentlemen, professional men, merchants and manufacturers). About 60% of voters were retailers, traders and craftsmen, men who prided themselves on belonging to the respectable classes of society and who often cherished their independence. Perhaps surprisingly, O'Gorman estimates that nearly 15% of voters were semi or unskilled workers and common labourers (many of them engaged in transport work), while the rest of the voters were attached to agricultural work … Clearly, the

> unreformed electorate was dominated by men from the broad middling ranks of society (the freeholders, retailers and craftsmen), but it reached quite far down the social scale. In most urban constituencies it went below the artisan level into the labouring classes. Few of these electors were in a totally dependent or vulnerable position, where they simply had to accept the dictates of their superiors and had no room for electoral manoeuvre.[86]

The extension of bourgeois democracy throughout the "long eighteenth century"[87] in England, Wales and, to a lesser extent, Scotland, was, however, in stark contrast to the diminutive franchise afforded to the colonised Irish during the period.[88] Since Cromwell's bourgeois puritanical routing of all Catholic influence from Britain, the avowedly "Anglo-Saxon" English conceived of themselves as a superior people, indeed, as God's chosen people (Milton's *Paradise Lost* is an example of quasi-Zionist English Protestantism). In 1820, the author of *Frankenstein*, Mary Shelley called the English subjects "slaves of King Cant," proud parrots of the Anglo-Saxon Protestant chauvinism espoused by their capitalist rulers. The Protestant theocracy forged by Cromwell's bourgeois vanguard created national-religious divisions that held that freedom and privilege was every *Englishman's*, not every person's, birthright. This ideology was upheld by the majority of the English oppressor nation, the poor of which provided a powerful vehicle for the revolutionary change accompanying the defeat of decadent manorialism in the country.[89] As Azerbaijani sociologist and historian Manuel Sarkisyanz writes: "In England the worst off elements had, for a very long period indeed, lost the habit of rebelling against their miserable condition—in return they could hope to participate in the racial [sic] ascendancy of Englishness."[90] George Canning, soon to be British Prime Minister, described in 1797 how English "Jacobins" had sought in vain to move the poorest citizens to rise up against the rich (see Canning's arch-Tory *Anti-Jacobin* newspaper).

> Even during the French Revolution, "the extravagances of the crowds were not concerned with the overthrow of the government,"

> which maintained power without difficulty, “but with ugly assaults on the supposed enemies of ‘Church and King’ … ” (Thus the riots of 1792 were directed against parliamentary reform. Previous riots —of 1780—against the relaxation of anti-Catholic oath requirements resulted from “offending … dark passions, strange as Nazi hatreds,” concluded Gerald Newman—comparing the demagogic Protestant bigot [Lord] George Gordon with Adolf Hitler …) Thomas and Holt concluded that, if there was any popular political consciousness during this period, … it is to be found in the “sub-political” responses of the “Church and King” mobs who directed their fury against dissenters, [and] Reformers … Such a mob of 5,000 burned (already in 1791) the house of Joseph Priestly, Unitarian theologian, distinguished scientist and radical.[91]

In fact, the Gordon Riots of 1780 against the relaxation of Anti-Catholic laws witnessed the first, self-consciously British, *political* collaboration between English and Scottish artisans.[92] During the subsequent Napoleonic Wars (1799–1815, a major catalyst for nationalist sentiment in Europe and worldwide), there was no revolutionary situation in Britain and no social protest which moderate reforms would not easily have turned into loudly pro-government sentiment.[93]

The economic basis of the English lower classes’ readiness to align themselves with the imperial polity and its accompanying chauvinism lies in the protectionism associated with mercantilist colonialism, which ensured the continuing material sustenance of the whole range of petty-bourgeois strata in the metropolis during that long primitive phase of capital accumulation. The transformation of English arable land into pasture proceeded piecemeal between the sixteenth and eighteenth centuries, reaching its zenith only in the legalised land theft of the end of the latter, by which time England had built up its economic base sufficiently to facilitate the progressive incorporation of the English masses into the world’s most advanced industry (albeit initially at great material cost to many). The point to grasp here is not that the English workers of the pre-monopoly capitalist

era were in receipt of value over and above that which they created, but rather that what English Marxist economist and geographer David Harvey calls the "uneven primitive accumulation"[94] associated with mercantile colonialism provided enough capital to the English bourgeoisie to ensure that the transition from feudalism to capitalism in England was relatively gradual and "peaceful"[95] for the majority of the populace.

The subsistence wage of the North-West European worker of the 18th century was only made possible by the peripheralisation of the Eastern European wheat-growing economies, the plunder of gold from the Americas, and by allowing parts of the population to die off.[96] As such, the colonialist connection proved early on to be a source of cheap food materials to assimilate the metropolitan poor into the capitalist system and ensure the system's growth. Thus, Gibbon writes that what Ireland had to offer, "and what the Irish economy rapidly came to reflect was the provision of foodstuffs for the British industrial classes at cheaper rates than at home."[97] The local regulation of the 18th century English market by a conservative alliance of peasants, shopkeepers, merchants and gentry,[98] and the legal protection of British markets from foreign competition, was in marked contrast to the "free-trade" regime England militarily imposed upon Ireland. As the bourgeois revolution proceeded in Britain, Ireland was forced into a situation of peripheral dependence on English markets as an internal colony of the English state. Democratic progress in England thus became reaction in Ireland. As Irish socialist republican James Connolly remarked in a memorable phrase, the 18th century Irish person was "the serf even to the serfs of his [British] masters."[99] As the industrial revolution proceeded, wage levels in the British metropolis may have increased, whilst those in Ireland decreased with disastrous consequences. [100]

From Imperial Chauvinism to White Racism

Unlike most other European nation-states, imperial chauvinism was part and parcel of the British national project from its earliest point. In Britain,

imperial chauvinism was inscribed within the ideological narrative of the original nationalist construct. What the late US historian Theodore Allen has called “religio-racism”—the justification of brutal settler-colonialism with reference to the incorrigible religious iniquity of its victims—coincided with the overthrow of pre-modern societal forms in Britain and Ireland.[101] Imperial chauvinism generates *racism* as such when the construction of a nation-state demands the strict and enduring marginalisation of an ethnically particular and physically dissimilar population.[102] Racism thus developed as the ideological conjunct of the continental American and, eventually, *global* ascendancy of settler and colonialist capitalism.

CHAPTER I.2

CLASSICAL CAPITALISM AND RACISM

The “classical” phase of global capital accumulation (c.1769-c.1880, broadly, from the first to the second industrial revolution) was characterised by the eventual colonisation of almost the entire world by the capitalist nations of Europe; the extermination of the vast majority of indigenous peoples in the American[103] and Australasian[104] settler-colonies; the complete enslavement of all persons of African descent in the United States; the factory production of cotton textiles;[105] the conversion of all colonised lands into unpaid suppliers of agricultural materials for metropolitan capitalists and buyers of core manufactures; and, hence, the *marketisation* of land in the core countries and parallel entrenchment of *pre-capitalist*, coercive agricultural forms in the periphery. The core zone within this phase of global capital accumulation consisted of North Western Europe—imperial Britain and France specifically—while the United States, Germany, Japan and, less so, Russia rose to nearly-core status. During the 19th century, previously economically isolated parts of Africa and Latin America were integrated into the periphery, along with the Middle East and

much of Asia. Nineteenth century capitalism invoked (and eventually systematized on a pseudo-scientific footing) racial chauvinism whereby the colonial peoples and nations of Europe were encouraged to view their bloody domination and conquest of non-European peoples as a *mission civilisatrice* befitting their biologically-ordained "racial" superiority.

Industrial Capitalism and the Development of Underdevelopment

The transformation of mercantilist capitalism into classical competitive capitalism corresponds with the social ascendance and overarching power of the industrial bourgeoisie. As noted, the system associated with mercantilist trade was eminently commercialist, and was concerned more with the exchange of finished items than with the extension of industrial capitalist production relations based on the exploitation of wage labour. This ensured that mercantilism was limited in its capacity to produce (relative) surplus-value and was therefore to be abandoned by a burgeoning capitalist system.[106] The abolition of mercantile capitalism (involving eradication of the hangovers of feudal and protectionist economic relations in the British centre of world capitalism and the suppression of the international slave trade) established conditions for the consolidation of the world capitalist market as such. Britain's free-trade imperialists[107] aimed to move away from mercantilist practices and successfully effected the termination of the British East India Company's trading monopoly (1813), the banning of the slave trade (1807) and slavery in British colonies (1833), the lifting of the ban on exports of machinery to foreign countries (1825) and the repeal of the Corn Laws (1846).[108]

Slavery, one of the major motors for the accumulation of capital in the world economy, had come to be seen as the source of uncompetitive and glutted markets (and, hence, low prices) as well as a hindrance to the dynamic development of forces of production, especially labour-saving technology. The overproduction crises of the industrial revolution occurring at the end of the 18th century and in the middle of the 19th century ensured that retaining non-working slaves on sugar and cotton plantations was seen

as a drain on profits.[109] The primary motivations behind the abolition of the slave trade by the British government in 1807 included fear of slave rebellion and revolution (such as the one that had liberated Haiti, then Saint Domingue, from French rule and slavery three years earlier after a thirteen-year long struggle, and others in Jamaica, Grenada and St. Vincent) overturning European control of the colonies; the desire to restrict the export of slaves to Britain's main economic rivals, France in particular; the idea that British policing of international waters in the name of abolitionism would secure the country a strong basis for naval supremacy; opposition by industrialists to state subsidies for slave owners and sugar producers in the Caribbean and state support for economies and a trade declining in importance (not least because there was over-production of sugar); and a move by Britain's bourgeoisie to develop direct trade links with India, Brazil and other Spanish American colonies instead of trafficking Africans to Britain's colonies.[110]

The slave trade, therefore, was abolished in 1807 in Britain, with slavery itself abolished in the British Empire in 1834, in the French Empire in 1848, in the United States in 1863[111] and in the former Spanish Empire in the 1880s.[112] The abolitionist movement in Britain, however, was as thoroughly colonialist as the pro-slavery movement and both had the same vested interests in West Indian sugar, American cotton, tobacco and industry, and Indian cotton and spices.

Thus, for example, the conqueror of the Congo for Belgian colonialism, Henry Morton Stanley, received financial and political support from 1875 onwards from the Manchester Abolitionists, whilst Cecil Rhodes gave special thanks to the British Emancipationist movement and the Salvation Army at a celebration held in the Cape Town Drill Hall.[113] Abolitionist forces around William Wilberforce (for example, the London Missionary Society and the Wesleyans) also figured prominently in colonialist missionary work in Ashanti-land, the Cape, India and unconquered parts of Africa.[114] After abolition, moreover, the slave trade continued and between 1807 and 1850, hundreds of thousands of slaves

were exported from Africa. Colonialists cynically blamed the European-controlled traffic on their African and Arabian intermediaries and used this as a pretext for further invasions and occupations of Africa.[115]

By the end of the Napoleonic Wars (1799–1815), Britain and France, the two largest and rival imperial powers in Europe, struggled to maintain and expand their colonial territories. With Britain consolidating and extending its military-administrative rule in India and Burma in the early to mid-nineteenth century and France colonising Algeria and much of North Africa by the 1830s and Indochina by the 1860s, whereas in 1800 Europe and its colonies covered around 55% of the globe, in 1878 they covered 67% and in 1914 84%. Between 1770 and 1870, however, Britain was the world industrial power *par excellence*. In this period, Britain preferred to allow imports of comparatively uncompetitive foreign goods into its domestic market while at the same time guaranteeing its economic dominance by forcing weaker powers to open their markets to its manufactures, forcibly propping up its commercial interests, securing (and if necessary expanding) territorial boundaries, and repressing noncompliant indigenous elites in its colonies.[116] Between 1825 and 1875, "Britain fought the Ashanti and Zulu Wars in Africa, the Indian Mutiny (India's First War of Independence), the opium war with China, the Crimean war with Russia, and two wars in Burma as well as bombing Acre and annexing Aden."[117] The President of the Manchester Chamber of Commerce, the institutional centre of *laissez faire*, perfectly summarised in 1840 what "free trade" amounted to for British colonies, namely, unlimited unequal exchange and underdevelopment:

> In India there is an immense extent of territory, and the population of it would consume British manufactures to a most enormous extent. The whole question with respect to our Indian trade is whether they can pay us, by the products of their soil, for what we are prepared to send out as manufactures.[118]

Although competitive metropolitan capital was unable to directly control production in the dependent territories during much of the 19th century, Europe's industrial take-off was nonetheless intimately connected with increasing the area of capitalism through colonialism. This was achieved both by expanding export markets and by obtaining cheap raw material and food imports. Although these two aims often conflicted (low prices for the products of a clientelist ruling class meant their limited income for purchasing imports), they were reconciled through the establishment of a world colonial division of labour. In this, exports were mainly directed towards the self-governing dominions where a white settler compromise had been established between landlords, capitalists and an independent peasantry at the expense of the indigenous population and dispossessed agricultural labourers. Meanwhile, although indispensable as export markets, non-settler colonies such as India specialised in extracting raw materials from superexploited peasantries. As such, Britain's "free-trade" imperialism was as much based upon the use of military force against the indigenous people of the colonies as it was upon the direct settlement of these colonies by the mother country, hence the enthusiasm of leading "free-trade imperialists" for colonial settlement.[119]

Mandel has estimated that, "For the period 1760–1780 profits from India and the West Indies alone more than doubled the accumulation of money available for rising industry."[120] US economics professor Richard B. Sheridan situates British industrialism in the Atlantic economy, the chief element in the growth of which, prior to 1776, was the slave plantation, in particular, of the cane-sugar variety in the Caribbean.[121] Greek-Canadian historian L.S. Stavrianos, whose *Global Rift* is a classic history of the Third World as such, pointed out that it was not only Britain's industrialisation that relied upon the underdevelopment of the Third World:

> Indian economist A.K. Bagchi[122] emphasises that the capital derived from overseas sources financed not only Britain's Industrial Revolution, but also that of continental Northwest Europe. The capital extracted from India alone comprised over 50% of the

> annual British capital exports in the 1820s and the 1860s. This plunder of India was "not carried on under the competitive rules of the game, which we have consciously or unconsciously come to associate with the heyday of capitalism in Europe and North America," but rather through monopoly privileges, racial discrimination and outright violence. During the early years immediately after the Napoleonic wars most of Britain's capital exports were directed across the Channel, helping to create new textile industries in France, Holland, Prussia and Russia.[123]

State-guaranteed colonial investments made through qualified solicitors and bankers (largely self-financed in India where exports exceeded imports by some £4 million per year in the 1850s) steadily increased throughout the "classical" era of capitalism so that, by 1870, 36% of British overseas capital was in the Empire alongside half the annual flow.[124] Britain's hugely increased volume of imports in the 1850s and 1860s relied on extensive capital investment in railways, ports and shipping to facilitate colonial trade. Capital investment was needed to develop overseas production since, as Marx wrote in 1853, "you cannot continue to inundate a country with your manufactures, unless you enable it to give you some produce in return."[125] Whereas later capital exports were intended to undergird monopolistic positions, first domestically and then in export markets, for national industries in a world of *pre-emptive* imperialism, a world where control over raw materials supplies was a key aspect of corporate strategy, this earlier capital export was for the purposes of expanding a world market in which Britain was the unrivalled master.[126]

The classical period of competitive capitalism was predicated on depredations imposed upon the economies of the nascent Third World by the industrial powers and chiefly Britain. Bayly notes how colonialism converted a large part of humanity into "long-term losers in the scramble for resources and dignity."[127] The commercial societies of London and Boston and the ports of Brittany, he writes, were enriched by the huge influx of raw materials produced by slaves and dependent peasantries

fulfilling their labour or revenue dues in the wake of “national independence” (neocolonial dependence) or colonisation. Brazil’s coffee industry, for example, expanded on the basis of growing enslavement while Indian and Indonesian peasants grew cash crops at the expense of food crops to service their new colonial masters.

The classical phase of global capitalist expansion was thoroughly colonialist in substance, if not always in form. The late-starting German Colonial Congress of 1902 expressed the political aims of classical capitalist expansionism succinctly: “The Congress thinks that, in the interests of the Fatherland, it is necessary to render it independent of the foreigner for the importation of raw materials and to create markets as safe as possible for manufactured German goods. The German colonies of the future must play this double role, even if the natives are forced to labour on public works and agricultural pursuits.”[128] US Marxist economist James O’Connor notes that similar sentiments were expressed in one form or another by Joseph Chamberlain, Theodore Roosevelt, and many lesser contemporary proponents of imperialism.[129]

The colonies themselves did not significantly contribute to core industry’s raw materials or food supplies until the later 19th century, however. For example, tea, coffee, sugar and tobacco constituted the major share of Britain’s imports from Asia, Latin America, Africa and the West Indies representing 76% of England and Wales’ imports from these regions in 1770; 61% in 1780; 68% in 1790; 71% in 1800; 68% in 1810; and 94% in 1820.[130] Yet commodities produced under tributary and slave conditions in the peripheral nations throughout the colonial period, and the massive import surpluses of the colonial power, greatly enlarged the commercial profits of the leading capitalists, affording them enhanced investment opportunities in domestic industry. In colonising the periphery, metropolitan capitalists were able, first, to raise unrecompensed value to invest in the reproduction of constant and variable capital[131] and, second, to secure a captive market for goods sales. Nowhere was this process more complete than in the settler-colonial society of the United States.

In the US, the conquest of land required both the demographic expansion and the military and legal supremacy of the settler population, the world's first truly mass petty bourgeoisie.[132] Between 1820 and 1930, 32.1 million emigrants from Europe entered the United States, compared to the 1 million who came from Asia and the 4.2 million who migrated from the Americas.[133] This wave of emigration from Europe by peasants and craftsmen in search of better wages, land and living standards than they were used to in Europe (which they quickly received) served two functions germane to the formation of a labour aristocracy. First of all, emigration acted as a giant social safety valve, ridding European societies of conflicts surrounding pressure on land caused by expanding populations as well as expatriating "troublemakers and radicals."[134] This allowed for a much more conservative and bourgeois popular culture to develop in capitalist Europe than elsewhere. Secondly, in addition to providing recruits for industrialization, European immigrants to the United States provided an indispensable extension of the white settler garrison of that country bound to secure land and surplus-value at the expense of the American Indian, Mexican and Black nations of the continental United States. In the United States, even the poorest whites benefited from African slavery:

> First, the expanding industry made possible by the profits of slave trafficking created jobs at an expanding rate. Second, white indentured servants were able to escape from the dehumanization of plantation servitude only because of the seemingly inexhaustible supply of constantly imported slaves to take their place … For the individual white indentured servant or laborer, African slavery meant the opportunity to rise above the status of slave and become farmer or free labourer.[135]

Wage rates remained exceptionally high in the United States in the pre-monopoly phase of capitalism precisely because the seemingly limitless stolen land available to poor Western and Central European immigrants guaranteed that the demand for labour consistently outstripped supply.

Author of the excellent history of the US white working class, *Settlers: The Mythology of the White Proletariat from Mayflower to Modern*, J. Sakai describes the role of European immigrant labour, German and Irish particularly, in the struggles supporting "Jacksonian democracy." In the 1820s and 1830s, the liberal reform movement surrounding soon-to-be President Andrew Jackson restricted the franchise for Blacks whilst extending it for whites; stole land from the Creek, Cherokee, Choctaw, Chickasaw and Seminole Indian tribes at gunpoint, in the process eliminating a land base for independent slave revolt; and openly proclaimed genocidal anti-Indian and anti-"Negro" views:

> The dominant political slogan of the white workers' movement of the 1840s was *"Vote Yourself a Farm."* This expressed the widespread view that it was each settler's *right* to have cheap land to farm, and that the ideal lifestyle was the old colonial-era model of the self-employed craftsmen who also possessed the security of being part-time farmers. The white labor movement, most particularly the influential newspaper, *Working Man's Advocate* of New York, called for new legislation under which the Empire would guarantee cheap tracts of Indian and Mexican land to all European settlers (and impoverished workmen in particular). [The Homestead Act of 1851 was one result of this campaign.] The white workers literally demanded their traditional settler right to be petty-bourgeois—"little bourgeois," petty imitators who would annex their small, individual plots each time the real bourgeoisie annexed another oppressed nation. It should be clear that the backwardness of white labor is not a matter of "racism," of "mistaken ideas," of "being tricked by the capitalists" (all idealistic instead of materialist formulations); rather, it is a class question and a national question. [136]

Indeed, the US working class was so committed to colonialist expansion that Northern white workers' joining the Union Army en masse in the years immediately preceding the Civil War was much less to do with their

opposition to slavery and support for Emancipation, than it was the manifest desire to prevent newly acquired Western territories from falling into slaveocrat hands and thereby denying white workers their own settlement.

Although the massively expanded territorial control and authority of the 19th century settler colonialists in the United States, Australia, New Zealand and South Africa meant the gradual erosion of small-scale subsistence agriculture, as the system of colonialism advanced, so too did the absolute divide between settlers and natives, producing a consequent codified entrenchment of white supremacy.

Racism and Colonialism

The crystallization of racist doctrine attendant to Europeans confronting the inhabitants of the New World as exterminators, colonialists and slave masters would provide a central shibboleth of settler capitalist society. Concerned as it was to minimise threats to capital accumulation arising out of economic conflict amongst its inhabitants,[137] white supremacy served a socially integrative function for settler colonialism—so much that white identity became crucial to the coalescence of a US working class as such. By the time of the 1857 *Dred Scott v. Sanford* US Supreme Court decision (wherein Black males were legally constructed as only "three fifths" of a man as a white nationalist compromise to safeguard the congressional voting rights of the Southern US slaveocracy), Chief Justice Roger Taney could assert that African-descended persons in the US had "for more than a century before been regarded as beings of an inferior order, and altogether unfit to associate with the white race, either in social or political relations; and so far inferior, that they had no rights which the white man was bound to respect; and that the Negro might justly and lawfully be reduced to slavery for his benefit."[138]

The humanity of non-white minorities came to be disregarded in and through conquest and the settler society established thereon. In the US especially, far from being a free-floating ideology or prejudice, the systems

of settler colonialism, slavery and imperialism provide the material foundations of racist ideology. Racism directed against Chicanos in the southwest of the United States is intimately connected to the seizure and occupation by white settlers of the formerly Mexican national territories of Texas, Arizona, New Mexico, Colorado, Utah and California;[139] racism directed against Asian-descended persons in the US is related to imperialist intervention in their countries of origin and imperialist immigration policies;[140] and racism against Blacks in the US is "a particular form and device of *national* oppression"[141] resting historically, if not necessarily currently, on the unsolved land question of the Southern Black Belt (so-called originally because of the dark quality of the region's soil). Black American nationality is historically based on the common economic, cultural and geographic experience of slavery and the retrenchment of its economic structures and personnel in the post-Civil War period. In fact, even after industrial growth encouraged dispersal from the Black Belt South of Louisiana, Mississippi, Alabama, South Carolina and Georgia—where in antebellum times a plantation economy and a Black majority subsisted in its constituent counties[142]—US Blacks continued to live in highly segregated areas; to be confined to distinctly peripheral sections of the US economy (in terms of ownership, size and type of business; job opportunities; job type; and industrial location); and have a relatively distinct cultural tradition.[143]

In South Africa, European settler-colonialism also created a social structure wherein even working-class whites benefited materially from national oppression. In his brilliant study demonstrating that the white working class of South Africa has historically constituted a labour aristocracy, historian Robert Davies describes its move—fearing its supplantation in the mining industries by "uitlanders" or black Africans—to consolidate and expand its social and material mobility by means of a white supremacist and protectionist alliance with rural settler-capitalism.[144] The (mainly British) international capitalists in the country were, ultimately, content with an arrangement that allowed them to pay Africans less money for the same work as their white "counterparts." In 1915–16, for example, white South African factory workers were annually paid 5.3 times more

(£171) than their black counterparts. By 1971, monthly wages for whites in mining and quarrying (£195.82) were 20.7 times higher than for blacks, in manufacture (£170.81) 5.9 times, and in construction (£178.10) 6.3 times higher.

Thus Davies writes: “All three elements of the dominant bloc—the settler bourgeoisie, which runs the State apparatus, the white workers who depend for their economic advantages on the use of political power, and the international capitalists who receive approximately 50% more on South African investments than the world average return—gain from the monopolization of natural resources and the forced direction of African labour which characterizes the South African Republic.”[145]

Whereas in the United States and South Africa settler-colonialism necessitated and produced racism in *national* proportions according to the need to maintain settler unity in the service of superexploitation, in non-settler colonies of Europe like India and Vietnam, colonialism’s absolute denial of political and economic power to the indigenous population bred a similarly vicious and coercive racist mentality within the minority occupying European administrations.[146] The white supremacist regimes and their ruling “born lords”[147] were defended to the hilt by almost the entire European establishment (aristocratic, parliamentary and literary) of the time, “liberal” and “conservative” alike. In the core nations, as colonialism became imperialism, an all-encompassing and highly-influential worldview based on explaining society on a planetary scale in “racial” terms was cultivated in the forms of social-Darwinism and the eugenics movement. In a study published by the United Nations Educational, Scientific and Cultural Organisation (UNESCO), Klaus Ernst demonstrates that “racialism” cannot be dissociated from the political practice of colonialism or its use as a “political instrument” for colonialist ends:

> [Racism] and racialist ideology cannot be separated from colonialism, from the subjugation, oppression and colonial exploitation of the populations of Africa, Asia and Latin America

> … Colonialism, in all its forms and at all stages of its development, has used and is still using racialism, openly or more or less covertly … as a political instrument for exploitative practices, for brutality and for oppression … Colonialism, racialism and racialist ideology are the products and component parts of the capitalist system.[148]

Similarly, for US Marxist economists and analysts of monopoly capitalism the late Paul Baran and Paul Sweezy, racism has its origins in the European bourgeoisie's need to rationalise and justify the system of robbery, enslavement and exploitation established through colonialism from the 16th century on.[149] In particular, racist doctrine was elaborated and perfected in the American South as the ideological underpinning of the slave system. The white supremacist idiom developed in the context of internal colonialism was easily adapted as United States capitalism projected its power across the globe. Between 1898 and 1902, as the US invaded the Philippines and killed over one million of its inhabitants, native Filipinos became "niggers" and "injuns" in the US imaginary. More recently, white US soldiers in the Middle East have termed their Arab victims "sand-niggers." The words used by US soldiers to characterize the victims of their (country's) aggression ("gooks" in East Asia, "hajis" in Iraq and so on) are also embedded within the United States' deep-seated and extensive traditions of racism.

These traditions are common to all sections of white American society, of which the US military is remarkably representative demographically. Using enlistee data from the US Department of Defence, right-wing, free-market US think-tank The Heritage Foundation has highlighted evidence suggesting that, contrary to social reformist dogma, much of it recycled from the WWI era, U.S. military recruits are more similar than dissimilar to the American youth population, the slight differences being that wartime U.S. military enlistees are better educated, wealthier, and more rural on average than their civilian peers.[150] In 2008, the Heritage Foundation found that only 11% of enlisted military recruits in 2007 came from the poorest quintile of American neighbourhoods while

25% came from the wealthiest quintile. Heritage reported that “these trends are even more pronounced in the Army Reserve Officer Training Corps (ROTC) program, in which 40% of enrolees come from the wealthiest neighbourhoods, a number that has increased substantially over the past four years.” Indeed, the Heritage report showed that “low-income families are underrepresented in the military and high-income families are overrepresented. Individuals from the bottom household income quintile make up 20 percent of Americans who are 18–24 years old but only 10.6 percent of the 2006 recruits and 10.7 percent of the 2007 recruits. Individuals in the top two quintiles make up 40.0 percent of the population, but 49.3 percent of the recruits in both years.” Moreover, the commonly heard charge on the liberal left that the US Army is disproportionately Black is also false. Whereas blacks comprise 17% of the US population aged 18–39 with high school degrees, they represent only a slightly larger proportion of enlisted soldiers, at 21%. Meanwhile, as the *Wall Street Journal* reports, whites were significantly overrepresented among enlisted Army personnel in 2010: while 58% of Americans aged between 18 and 39 years old are white, 64% of the Army’s enlisted men and women are. This situation has not changed with American’s recent economic decline: while 60% of 18–24 year-olds with a high school degree are white and 17% are black, 64% of new enlistees are white and 19% are black.[151] Whereas the British government refuses to publish figures on the social background of its soldiers, and it is clear that their military recruitment initiatives target youth from disadvantaged areas, there is reason to be sceptical about opportunist claims that the British Army is overwhelmingly lower class in its social composition. Those on the left anticipating a Damascene conversion to socialist internationalism on the part of US or British military personnel, even assuming a complete disregard for the mass embourgeoisement brought about in the rich countries by imperialism, will need to stretch the concept of “working class” even further to its outer limits.

Although racism has today a semi-autonomous significance which must constantly be struggled against in the field of ideas, to paraphrase Allen, without *oppression* neither superprofits nor racial prejudice can arise.

[152] Racism proclaims the supposed *natural* inferiority of a select population of people of relatively distinct ethnicity who tend to be completely corralled within deeply entrenched unfree and caste-like property relations.[153] It originates where such a group is formally or effectively colonised and is absolutely unable (due to the enforcement of capital's need to keep wages as low as possible and the labour aristocracy's aim of maintaining its super-wages) to assimilate and/or receive the benefits of citizenship. The politics of racism today cannot be understood outside of the dehumanising socioeconomic systems set up by imperialism: everywhere in the colonial and neocolonial eras "racism as ideology and racism as a relation of production were [and are] complementary and inseparable."[154]

The Metropolitan Working Class: Between Proletarian Internationalism and Social Chauvinism

To some extent, with the foregoing arguments, we have skipped ahead of ourselves. One class, the aforementioned labour aristocracy, has yet to appear on the historical scene. The industrial mode of production of the classical capitalist age inexorably created a metropolitan proletariat, a class of property-less and exploited workers living in abject poverty. In 1825, a physician called A. Guépin from Nantes in France vividly described the conditions of the proletariat of this era:

> To live, for him, is not to die. Beyond the piece of bread which is supposed to nourish his family and himself, beyond the bottle of wine which is supposed to relieve him for an instant from the awareness of his sorrows, he asks for nothing, he hopes for nothing … The proletarian returns home to his miserable room where the wind whistles through the cracks; and after having sweated through a working day of 14 hours, he does not change his clothes when he returns, because he has none to change into.[155]

This core-nation industrial proletariat fought often desperate struggles for wage increases, more humane working conditions, universal suffrage and

the right to organise in trade unions. In the first half of the 19th century, these struggles set this proletariat against the economic interests of the employing class and the state which acted on its behalf.[156] Despite an even more exploited slave-labour population providing the wealth upon which colonial (commercial and plantation) markets thrived, before the advent of imperialism, and the outward investment of monopoly capital in production industries employing superexploited labour, capital accumulation also depended crucially upon ploughing back profits wrung from the core-nation workforce. Indeed, the burgeoning European proletariat occasionally showed common cause with the foreign peoples oppressed by its ruling class. For example, in Sheffield in 1793 a petition opposing the African slave trade was signed by over 8,000 men working in and around the metalwork industry. The famous London Corresponding Society which united the liberal and democratic ideals of artisans in England's capital with proletarian interests in the rest of country—thereby originating the British labour movement as such—was given great impetus by the abolitionist activism of freed African slave Olaudah Equiano.

These examples, however, are atypical; even the most revolutionary proletarian organizations of the 19th century (the Communards of Paris, for example) disdained to support colonial liberation. A far more representative way of European workers relating to colonial subjects was displayed when 90,000 British soldiers, drawn mostly from the lower classes, of which around half were killed, unsuccessfully fought to re-establish colonialism and slavery in Haiti between 1793 and 1798.

Nonetheless, as a result of its own grinding exploitation, the proletariat has a radical class interest in abolishing all relations of exploitation[157] and the oppression-exploitation matrix established by capitalism. Out of its struggles in Europe grew a set of political, economic and moral ideals which became known as *socialism* (a term coined in 1834 by French philosopher, economist and political democrat Pierre Leroux). In the ensuing age of imperialism, however, socialist ideology rapidly became transformed into *social chauvinism*. A confluence of national and racial chauvinism focusing on the material needs of European-descended national

working classes, social chauvinism is the characteristic and dominant political ideology of the metropolis in the pre-globalist monopoly phase of capital accumulation.

CHAPTER I.3

IMPERIALISM AND SOCIAL CHAUVINISM

The imperialist phase of capitalism (lasting roughly from the 1870s until the present day) has developed out of the growth of the steel industry and the systematic application of scientific innovations to production (at first, electricity, chemistry, telecommunications and, later, nuclear power, astrophysics and cybernetics); the gradual relocation of transnational monopoly industry to the dependent nations, particularly after the Second World War; a division of the entire world into core and peripheral capitalist nations within an economic world-system dominated entirely by the oligopolies of the metropolitan capitalist nations; a constant and ongoing war against nations striving to free themselves from this subordinate, peripheral and parasitic relationship;[158] and the ideological identification of civilisation with the cultural mores and lifestyle norms of the imperialist countries—namely, First Worldism. Self-regarding cultural chauvinism informs the prevalent political outlook of the imperialist country populations so that the governments thereof may justify any and all of their oppressive foreign policies on a liberal interventionist pretext. Thus, in its advanced stage, global imperialism provides for the growth of an elitist, racist, often politically detached but always deeply conservative consciousness to develop amongst the labour aristocracy. In the imperialist age *tout court*, as anti-imperialist English poet, traveler and diplomat Wilfred S. Blunt said in 1900, “The whole white race [revels] openly in violence, as though it had never pretended to be Christian.”[159]

As their capital expanded on the back of colonial pillage and the exploitation of the increasingly global proletariat, businessmen in the metropolitan countries strove to increase domestic productivity using new industrial techniques. The discovery of electricity alongside scientific innovations in chemical and steel production (the so-called "second industrial revolution") led to a fall in the prices of these commodities and an increasingly high organic composition of capital.[160] This decrease of living labour ("immediate labour") relative to dead labour ("objectified labour"), [161] of variable as opposed to constant capital, in combination with intensified price competition accompanying the spread of industrialisation, saw a concomitant decline in the rate of profit[162] and led to depression and economic crisis. Between the mid-1870s and the 1890s, foreign competition forced the prices of British exports to fall even faster than those of its imports, whilst, at the same time, real wages were rising as a result of growing trade-union strength. These circumstances, reflecting a contradiction at the heart of capitalism unmitigated by increased effective demand, caused industrial profit rates to decline and capitalist oligopolies to look overseas for more lucrative and more certain investment opportunities. [163]

As the late Ugandan Marxist economist Dani Wadada Nabudere has noted, the "restructuring and rearrangement of capitalist production which historically took place after the Great Depression of 1873 signaled the arrival of a new epoch of capitalist development … characterized by the rise of monopolies—trusts, syndicates and cartels first in Germany and the USA, followed by 'free trade' England and other capitalist states."[164] By 1880 Britain's unique position as the "workshop of the world" was being effectively challenged by German and US capitalism. Whilst world industrial production increased seven times between 1860 and 1913, British production increased only three times and French production four times as against Germany's seven times, and the United States' twelve times.[165] Bolstered by the second industrial revolution, Taylorist production techniques and state capitalist intervention in the economy, the core

capitalist nations sought to use their unprecedented power for territorial expansion.

The “second age of global imperialism”[166] began in the mid-to-late 1870s. Then and shortly thereafter, France strengthened its hold on the West African coast and pushed into the Western Sudan, whilst in 1882 Britain occupied Egypt and within the next decade had conquered the Upper Nile Valley and consolidated its grip on Central, South and East Africa. Britain also reinforced its informal presence in the Persian Gulf, Afghanistan, Tibet and North Burma as well as in the Malay Peninsula. The Netherlands tightened its grip on Indonesia and Russia on Central Asia, while King Leopold of Belgium oversaw the Congo becoming a “great agricultural storehouse and reserve of forced agricultural labour for his country.”[167] Free-trade imperialism gave way to pre-emptive territorial imperialism, demarcation of spheres of interest and enforced bilateral trade between the imperialist country and its colony.[168]

In the pre-global phase of imperialism, industrialisation of the peripheral regions was limited and everything possible was done to retard the growth of a national bourgeoisie there which might compete with that of the core nations. In consequence, imperialist capital invested in the colonies during this period was concentrated in the extractive mining industries, transport and commerce, the direct exploitation of wage labour remaining at low levels.[169] In the subsequent phase of global imperialism, as we shall see, this situation was to change dramatically and lead to the rise of mass embourgeoisement in the imperialist-countries.

By the turn of the century, the entire world was either partitioned, as with all of Africa outside Liberia and Ethiopia, or converted into semi-colonies, as with the Ottoman and Chinese empires.[170] The leading capitalist powers had agreed to share the planet amongst themselves at the Berlin West Africa Conference of 1884–1885. The conference codified the procedures for occupation in Africa designed to give the imperialist powers not only protected markets for their own goods, but also untrammeled access to the continent’s cobalt, manganese, copper, coal, iron, gold, silver,

platinum, tin, rubber, palm oil, fiber and other raw materials needed to maintain industrial monopoly. The conference, in the words of one observer with a lifetime of experience in diplomacy, “incorporated into international law a kind of code of honour among robbers and virtually entrenched an international jurisprudence of racism.”[171]

The Berlin Conference established a European “free trade” zone in Central Africa, thereby reducing the risk of international colonialist conflict and contractually uniting the imperialist powers around their common interest in the subjugation and exploitation of that continent. The Congo Basin was given to Belgium’s King Leopold so as to remove a potential source of conflict amongst them.[172] It was hoped, therefore, although inter-imperialist rivalry would soon reverse the trend, that core states would no longer be so impelled to politically conquer dependent countries in the face of rivals.[173] Instead, the MNCs of the imperialist age were eager to pursue the rationalisation of their operations within dependent nations and promote the creation of a native comprador (as opposed to settler loyalist or colonial-administrative) bourgeoisie replete with a proletariat.[174] Indeed, as the global position of the Third World bourgeoisie has been strengthened by decolonization, competition between the Soviet and American states and, paradoxically in China’s case, socialist construction itself, core capital has entered peripheral nations on an unprecedented scale, so that proletarians there might supply it directly with profits.

Imperialism is the military and political effort on the part of wealthy capitalist countries to siphon and extort surplus-value from subject foreign territories.[175] For Marx, the central imperative behind imperialism is not simply to overcome the relative *underconsumption* of commodities in the metropolitan centre, although that is intrinsically limited by the exploitative capital-labour relation, but by the need to *valorize capital*. With every new advance in the technological basis of capital accumulation there comes a decrease in capitalists’ ability to invest in productive (surplus-value-creating) labour.[176] For Marxist economist Henryk Grossman, writing in the interwar period, rather than being caused by the need to realise surplus-

value (as in Rosa Luxemburg's model where it is driven by the need to sell surplus commodities in primarily non-capitalist markets), the primary motive behind imperialism is the need to exploit labour.[177] As capital accumulation demands ever-higher investments in machinery and fixed assets *(c)*—necessary both to undercut competitors and, crucially, to block the tendency of rising wages—the share of living, new value-creating labour-power *(v)* diminishes. Over time, the surplus-value *(s)* needed to maintain a constantly expanding capital outlay declines and so, in tandem, does the rate of profit (defined by Marx as $s/c+v$). Grossman pointed to Marx, however, to show that certain economic activities can help to counteract this tendency for the rate of profit to fall:

> ¶ *Foreign trade*. Through allowing for greater economies of scale in production and distribution, foreign trade can allow for higher rates of constant and variable capital investment;[178]
>
> ¶ *Monopoly*. Through monopolistic price fixing, extra surplus-value is imported to the economy at the expense of the country "against which the monopoly is exercised";[179] and
>
> ¶ C*apital export*. Capital exports can raise profit rates at home through tying trade to loans and ensuring exclusive orders for exported commodities at high prices, as a means of monopolising raw materials sources, and as a means of extracting tribute from indebted nations.

Through these and related measures (including, especially, unequal exchange), the largest capitalist interests are able to import surplus-value from abroad. The economic conditions upon which the export of capital becomes the central dynamic force of international capitalism are summarily known as *imperialism*.

According to Grossman the advanced capitalist nations reached the stage of imperialism at different points:

> Lenin was quite correct in supposing that contemporary capitalism, based on the domination of monopoly, is typically characterised by

> the export of capital. Holland had already evolved into a capital exporter by the close of the seventeenth century. Britain reached this stage early in the nineteenth century, France in the 1860s [Germany in the 1880s and the United States in the 1920s—ZC]. Yet there is a big difference between the capital exports of today's monopoly capitalism and those of early capitalism. Export of capital was not typical of the capitalism of that epoch. It was a transient, periodic phenomenon which was always sooner or later interrupted and replaced by a new boom. Today things are different. The most important capitalist countries have already reached an advanced stage of accumulation at which the valorisation of the accumulated capital encounters increasingly severe obstacles. Overaccumulation ceases to be a merely passing phenomenon and starts more and more to dominate the whole of economic life.[180]

Arguing against social-liberal economist J.A. Hobson's view that imperialistic foreign policy was a consequence of a financial cabal's having somehow seized state power, Lenin identified the export of capital as the outcome of the increasingly massive concentration of capital inevitably produced by the capitalist system itself. For Lenin, the key features of imperialism are that the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life; bank capital has merged with industrial capital and created a financial oligarchy; and the export of capital as distinguished from the export of commodities acquires exceptional importance.[181] Starting a century ago, then, it was no longer simply mercantilist trade in commodities that provided the motor for metropolitan capital accumulation, but the export of investment capital (especially loans) and the global predominance of finance capital.[182]

In the late 19th century, capital export was not confined to peripheral capitalist states, but mainly involved lending and investing in imperialist countries.[183] However, it must be recognized that imperialism's persistent goods trade imbalances with the dependent and client states made a vital

contribution to capital export. The core nations of Europe and North America increased their purchase of raw materials and foodstuffs from the Third World in the decades before the First World War, maintaining a constant excess of merchandise imports over exports.[184] With reference to Britain, Russian economists Wladimir S. Woytinsky and Emma S. Woytinsky write:

> In this year (1913) the British government exported merchandises valued at £635 million and had imports totaling £769 million. In addition it imported gold worth £24 million and thus had an import surplus of £158 million in the movement of merchandise and gold. To offset this deficit, the British had items totaling £129 million (from earnings of the merchant marine £94, earnings of traders' commission £25, other earnings £10 million). The British thus would have a deficit of £29 million, except for interest and dividends from their investments abroad, which amounted to £210 million. Addition of this item to other "invisible" exports reversed the balance of payments in favour of the United Kingdom, giving it a net surplus of £181 million. Theoretically, the British could take this balance in increased imports of merchandise and still have the balance of payments in equilibrium. Actually, they left the whole net balance abroad as new investment. In fact, in 1913, London advanced to colonial and foreign concerns long-term loans for £198 million—almost exactly the amount of the current profits from investments abroad.[185]

British re-investment in foreign and colonial ventures of nearly £200 million in 1913 may be compared to its export deficit and import surplus of £158 million in the same year, of which India alone contributed two-fifths. Effectively, imperialism's trade deficits with the Third World financed much of its capital exports.[186]

Undoubtedly, as we aim to show in the next section, analyses of imperialism based purely on figures showing recorded profits and/or the extent of trade deficits tend to grossly underestimate the unrequited transfer

of value from the (neo)colonial to the imperialist areas. However, by 1928, Europe had a net export deficit of US$2.9 billion, over half of which was supplied by the underdeveloped world as reflected in the latter's merchandise export surplus of US$1.5 billion. After the Second World War, Britain continued to drain the Third World of its resources via the maintenance of a huge trade deficit with it. India's trade surplus alone was worth £1.3 billion for Britain between 1939 and 1946 (British overseas investment amounted to £659 million between 1948 and 1951).[187] When, in the face of an impending run on the pound, Britain was finally forced to devalue its currency, it used the sterling balance of its colonies to help pay off the debts it had incurred with the USA in the previous decade. As conservative historian of the British Empire David K. Fieldhouse has noted:

> The British, while having to devalue the pound against the dollar in 1949, kept the pound strong against all colonial currencies (in most cases at par) by devaluing them at the same time and to the same extent. In short, the sterling area was used after 1945 as a device for supporting the pound sterling against the dollar … At the same time, the pound was kept strong against the colonial currencies to avoid an increase in the real burden of blocked sterling balances [that is, Britain's current account deficit with its colonies—ZC]. In both ways, the colonies were compelled to subsidise Britain's post-war standard of living … [The] Labour government used the colonies to protect the British consumer from the high social price which continental countries were then paying for their post-war reconstruction. Consciously or not, this was to adopt "social imperialism" in an extreme form.[188]

To protect the profits of Britain's rubber and tin industries and thus ensure the solvency of the country's currency, in 1948 the Labour government launched a massive counter-insurgency operation against the Communist-led Malayan independence movement. As Curtis notes (Curtis, 2003, p. 335):

> As a result of colonialism, Malaya was effectively owned by European, primarily British, businesses, with British capital behind most Malayan enterprises. Most importantly, 70 per cent of the acreage of rubber estates was owned by European (primarily British) companies, compared to 29 per cent Asian ownership. Malaya was described by one Lord in 1952 as the "greatest material prize in South-East Asia," mainly due to its rubber and tin. These resources were "very fortunate" for Britain, another Lord declared, since "they have very largely supported the standard of living of the people of this country and the sterling area ever since the war ended." "What we should do without Malaya, and its earnings in tin and rubber, I do not know." The insurgency threatened control over this "material prize."

The repression of Malaya's communist movement by the British army resulted in thousands of Malayan deaths from the use of fragmentation bombs, chemical warfare and massive forced resettlement programs. Needless to say, however, Labour's record of social imperialism, of ameliorating the living conditions of Britain's (white) population by oppressing and exploiting the peoples of Africa and Asia, is of scant concern to those "old-style socialists" who long for the return of the Welfare state.

The coincidence of oligopolistic industry with financial capital guaranteed the global ascendance of the core nations. The advanced imperialist states began to invest in dependent and semi-feudal countries so that clientelist bourgeoisies there could manufacture using inexpensive land and labour, generating wealth which could be transferred back to the imperialist nation either wholesale in the form of undervalued commodities or in the form of repatriated profits. In the process, a global rate of profit and a division of labour favouring imperialist country workers was created.

An imperialist country, then, is a net importer of surplus-value transferred from underdeveloped countries by means of foreign direct investment (FDI), unequal exchange and/or debt peonage. Within it there is

a strong tendency for a national class alliance to be formed, ideologically expressed through what Lenin called “social chauvinism.”

Salt of the Earth and Masters of the Universe

For Lenin, social democracy of the Western European kind tends to equate with social chauvinism, that is, nominally “socialist” support for imperialist institutions. Social chauvinism is tacit or avowed support for an imperialist state in the name of a social welfare agenda. Social chauvinism may be detected within the labour movement in so far as it advocates truce with employers who trade on an imperialist basis; opposes international free trade agreements with countries colonised by its government; opposes colonised countries’ industrialisation (on the pretext that “they’re stealing our jobs”); and/or advocates migration to colonial possessions to deal with domestic unemployment.[189] For Lenin, social chauvinism—as cultivated by reformist organisations in the working-class movement of imperialist countries especially—is by no means purely the product of any “false” class consciousness. Rather, quoting Engels, Lenin argued that there is a material basis for social chauvinism in the metropolitan working class and its ostensible representatives:

> The English bourgeoisie, for example, obtains larger revenues from the tens and hundreds of millions of the population of India and of her other colonies than from the English workers. In these conditions, a certain material and economic basis is created for infecting the proletariat of this or that country with colonial chauvinism.[190]

For Engels, “opportunism” in the British Labour movement was a result of, and is conditioned by, the preponderance of two major economic factors, namely, in Lenin’s words, “vast colonial possessions and a monopolist position in world markets.”[191] He wrote:

> The British working class is actually becoming more and more bourgeois, so that this most bourgeois of all nations is apparently aiming ultimately at the possession of a bourgeois aristocracy and a bourgeois proletariat as well as a bourgeoisie. Of course, this is to a certain extent justifiable for a nation which is exploiting the whole world.[192]

In 1882, when asked in a letter by German Socialist Karl Kautsky what the English working class thought of colonialism, Engels replied:

> Exactly the same as they think about politics in general, the same as what the bourgeois think. There is no working class party here, there are only Conservatives and Liberal-Radicals, and the workers merrily devour with them the fruits of the British colonial monopoly and of the British monopoly of the world market.[193]

Lenin, too, identified the major causes of the labour movement's support for imperialism as the possession of colonies *and/or* industrial monopoly.[194] The effects of these at the time were the embourgeoisement of the higher echelons of the imperialist country working class and the attendant opportunism of the labour movement's leaders:

> [Imperialism] facilitates the rise of powerful revolutionary movements in the countries that are subjected to imperialist plunder, and are in danger of being crushed and partitioned by the giant imperialists (such as Russia), and on the other hand, tends to a certain extent to prevent the rise of profound revolutionary movements in the countries that plunder, by imperialist methods, many colonies and foreign lands, and thus make a very large (comparatively) portion of their population participants in the division of the imperialist loot.[195]

Engels considered that so long as imperialism exists it will be able to nurture and develop a labour aristocracy. Speaking of England, he wrote:

> The truth is this: during the period of England's industrial monopoly the English working class have to a certain extent shared in the benefits of the monopoly. These benefits were very unequally parceled out amongst them; the privileged minority pocketed most, but even the great mass had at least a temporary share now and then. And that is the reason why since the dying out of Owenism there has been no socialism in England. With the breakdown of that monopoly the English working class will lose that privileged position.[196]

Engels' prediction that monopoly capitalism would be overturned has, sadly, proven incorrect. Based on a comparison of corporate sales and country GDPs, 51 of the 100 largest economies in the world are corporations, while only 49 are countries. Whereas the sales of the top 200 corporations are the equivalent of 27.5% of world economic activity, they employ only 0.78% of the world's workforce. Between 1983 and 1999, the profits of the top 200 firms grew by 362.4%, while the number of people they employ grew by only 14.4%. Between 1983 and 1999, the share of total sales of the top 200 made up by service sector corporations increased from 33.8% to 46.7%.[197] By the end of the 1990s, the top 500 multinational corporations (MNCs)—88% of which were headquartered in North America, Western Europe and Japan[198]—accounted for over 90% of global FDI and more than half of world trade. Sales of foreign affiliates of MNCs were greater than total world exports, implying that MNCs used FDI as much as or more than they used exports to service their overseas demand, a point to be borne in mind with regard to the relative priority of unequal exchange as opposed to capital export imperialism in facilitating global surplus value transfer. In addition, FDI inflows represented 12.6% of global gross fixed capital formation in 2006, up from 5% in 1990 and 2% in 1980, showing the growing importance of FDI in world economic growth.[199] Clearly, the monopoly capitalism upon which working-class conservative ideology is predicated in the metropolitan centres persists in today's world. In her seminal anti-imperialist Marxist study *Labour Aristocracy: Mass Base of Social Democracy*, H.W. Edwards shows that, "Fewer and fewer

corporations garner more and more of total national profits. Monopoly as a major feature of imperialism is still increasing. So, the *general* base of parasitism continues to broaden"[200] and, with it, the size and earnings of the global labour aristocracy.

The Concept of Social Imperialism

It was not only communists like Engels and Lenin who saw that material prosperity occasioned by imperialist exploitation was encouraging the workers of the core capitalist nations to abandon the struggle for socialism: an active policy of *social imperialism* was consciously pursued by the imperialist ruling class.[201] Simply put, social imperialism is the attempt by the ruling bourgeoisie on a world scale to incorporate the core-nation working class into the imperialist system by means of granting it political, cultural, and material benefits.[202] These can take the form of extensive enfranchisement, increased leisure time, higher wages, legal pay arbitration, the right to organise, public welfare services and relative cultural esteem.

Although the wedding of social democracy to imperialism reached its earliest theoretical and practical apogee in England, it was a Europe-wide historical tendency. In France, social imperialism was expounded and supported by the quasi-fascist "integral nationalist" Charles Maurras, the syndicalist Georges Sorel and the eugenicist anthropologist and Socialist Worker's Party candidate Georges Vacher de Lapouge; in Italy, by self-proclaimed "national socialist" and fervent colonialist Enrico Corradini, "Marxist" Arturo Labriola,[203] "national syndicalist" fellow traveller Benito Mussolini and Liberal Party Prime Minister Giovanni Giolitti. The latter averred that Italy's Great Power status could be attained "not by shooting the workers, but rather by instilling in them a deep affection for our institutions so that we ourselves and not the socialists will be seen as the promoters of progress and as the ones who are trying to do everything possible in their favour."[204] In Germany, social imperialism was promoted by Friedrich Naumann, a leading liberal nationalist member of the Progressive Party, founder of the National-Social Association and later

founder of the Democratic Party; August Winnig, a member of the *Sozialdemokratische Partei Deutschlands* (SPD), a trade unionist, a self-proclaimed "national socialist" and the racist originator of the term "blood and soil"; as well as a host of other advocates in the labour movement (see section IV.5).

In Britain, the Liberal Party during the early years of the 20th century supported free-trade, or liberal, imperialism which, despite sounding paradoxical, was also a form of social imperialism. It promised the working class benefits in exchange for their support for the economic system it favoured (namely, retention of colonies while allowing Britain "free trade" with imperialist rivals). Britain's government budget of 1909 reflected this strategy, as did the introduction of universal and compulsory unemployment insurance and health insurance for British workers in 1911, the foundations of the post-WWII welfare state. Liberal-imperialism largely reflected the interests of Britain's burgeoning financial capitalism and was most forcibly expounded by Earl Rosebery and Sir Charles Dilke, as well as Henry Herbert Asquith, R.B. Haldane, Sir Edward Grey and other members of the Liberal League.

Founded in 1902, the programme of the Liberal League combined imperialism with social reform. Its followers were aptly described by Beatrice Webb—whose "socialist" Fabians sought to deepen its commitment to social reform in Britain—as "collectivists and imperialists."[205] Thus Lord Rosebery wrote:

> Remember that where you promote health and arrest disease, or you convert an unhealthy citizen into a healthy one, or you exercise your authority to promote sanitary conditions and suppress those which are the reverse, you in doing your duty are also working for the Empire.[206]

Furthermore, concerned with the vitality of the entire European "race," Lord Rosebery wrote:

> The true policy of Imperialism … relates not to territory alone, but to race as well. The imperialism that, grasping after territory, ignores the conditions of an Imperial race, is a blind, a futile, and a doomed Imperialism.[207]

Liberal-Unionism, conversely, was the characteristic ideology of Britain's leading industrialists and reflected their move—in alliance with the Conservative Party to form the ruling Unionist Party—to counter the free-trade Radicalism of Liberal Gladstonian supporters of Irish Home Rule. Its major and most prominent advocate was Joseph Chamberlain, screw manufacturer, MP and Colonial Secretary. Social reformer, colonial investor and representative of the Midlands engineering industry, the avowed *social imperialism* of Chamberlain impressed upon the working class that imperialist economic protectionism would enhance and increase its living standards. Whilst preferential markets for colonial goods would raise their prices, the British working class could be counted on to support the Empire on the basis of better pay and more work, as well as old age pensions, all funded from tariff revenues raised against rival imperialists' imports. Though this system was later implemented by Prime Minister Neville Chamberlain (Joseph's grandson) under the 1932 Ottawa Conference system of imperial preferences, Chamberlain's particular brand of social imperialism (based on Tariff Reform aimed at uniting the Empire, providing the revenue for social reform and protecting British steel and agriculture) failed because Britain continued to derive benefits from free trade (particularly within the context of an open global capital market) right up until the 1930s. These advantages were based upon Britain's possession of the colonies which provided it with protected markets and opportunities for investment lacking in Weimar Germany. Chamberlain's electoral appeal was directed primarily towards British workers, but these already had a stake in "the markets and the imperial interest to overlay class divisions."[208]

One popular British "socialist" advocate of social imperialism considered that colonial imperialism was not only necessary to raise the living standards of the British working class, but that without helping to

eliminate class differences through social welfare, the nation's leaders were doomed in the Darwinian "struggle for existence," conceived primarily as the international struggle between "races." For the "greater glory" of the British nation and the white "race," influential mathematician and committed "socialist" Karl Pearson affirmed that the British working class must be strong, healthy and well-trained, and that this should be effected through a system of social welfare granted by a cross-class nationalist dictatorship:

> Is it not a fact that the daily bread of our millions of workers depends on their having somebody to work for? that if we give up the contest for trade-routes and for free markets and for waste lands, we indirectly give up our food-supply? Is it not a fact that our strength depends on these and upon our colonies, and that our colonies have been won by the ejection of inferior races, and are maintained against equal races only by respect for the present power of our empire?[209]

For Pearson, "The day when we cease to hold our own amongst the nations will be the day of catastrophe for our workers at home." "No thoughtful socialist," he continued, "would object to cultivate Uganda at the expense of its present occupiers if Lancashire were starving. Only he would have done this directly and consciously, and not by way of missionaries and exploiting companies."[210]

The ideologically predominant Fabian section of the British Independent Labour Party (the Labour Party's Liberal-affiliated forerunner) was in the majority imperialist, particularly during and after the Boer War in which it took the side of the British government. George Bernard Shaw, a convinced eugenicist whom Lenin rather charitably described as a good man who fell amongst Fabians, judged: "For good or evil, it is we who have made England imperialist."[211] Shaw meant that it was the rising strength of the British working class (whom the Fabians aimed to lead), the threat of class war and the need to commit the British working class to the capitalist state that was pushing Britain in an imperialist direction. Fabianism sought

to weld “socialism” (narrowly defined as a more egalitarian redistribution of Britain’s wealth) to the expansionist nationalism of British imperialism. Of its support for British capitalism’s war in South Africa, Shaw proudly observed: “The [Fabian] Society, already suspected of Toryism, now stood convicted of Jingoism.”[212]

In the period before the First World War, the social democratic leaders of the Second International Workingmen’s Association were in the main open advocates of so-called “progressive” imperialist policy. The allegedly superior civilisation of the European nations as constituted by a national class alliance in the metropole (with the labour aristocracy effectively at its helm) was supposed to pull the “backward” colonial countries, the “peoples without history,”[213] kicking and screaming into the 20th century.

A motion supporting a “socialist colonial policy” passed by the Central Commission of the International Socialist Congress held in Stuttgart in August 1907 and attended by 886 delegates from five continents was defeated by the Congress by 128 votes to 108. Lenin explained the results of the vote saying: “The combined vote of the small nations, which either do not pursue a colonial policy, or which suffer from it, outweighed the vote of nations where even the proletariat has been somewhat infected with the lust of conquest.”[214]

Thus, a leading member of the British Independent Labour Party, Ramsay MacDonald, stated that a “socialist” colonial policy would have a “civilising effect” on the inhabitants of the British Empire. German Social Democrat Eduard David, meanwhile, announced that “Europe needs colonies. She does not even have enough. Without colonies, from an economic point of view, we shall sink to the level of China.”[215]

The social democratic parties of the major imperialist powers each supported their own colonialist governments before, during and after World War I, a war which was very much fought over colonial spheres of interest. [216] In 1928, Palmiro Togliatti of the Italian Communist Party made a speech to the Sixth Congress of the Communist International detailing the

imperialist actions of European social democracy in the preceding years. The French Socialist Party, he said, had voted for war credits for imperialist expeditions to Syria (during which French generals had massacred the populations of Damascus and other towns), while Dutch socialists vocally condemned the anti-imperialist revolt in colonial Indonesia but approved the mass death sentences applied to active revolutionaries there.[217]

In 1908, King Leopold II, under pressure from international and domestic criticism, was forced to hand control of the Congo to the Belgian government. The forced labour system installed there under his rule did not, however, come to an end but continued until the early 1920s, when colonial officials realised that the massive depletion of the labour force through the massacre and working to death of the indigenous population required modification of the economy.[218] The Belgian Labour Party—*Belgische Werkliedenpartij* (BWP)—participated in several governments between 1919 and 1945 when it became the Belgian Socialist Party (receiving 36.6% of the vote in 1919, 34.8% of the vote in 1921 and 39.4% in 1925).[219] Prominent lawyer and "patriotic socialist"[220] Dr. Emile Vandervelde, was a member and leader of the BWP since its formation in 1886, author of the Charter of Quaregnon (the BWP's "constitution"), Belgium's Minister of Foreign Affairs from 1925 to 1927 and party President from 1928 to 1938. Despite having in 1909 defended Rev. William Henry Sheppard and Rev. William Morrison of the Congo Reform Association from a charge of libel against the Kasai Rubber Company—a Belgian rubber contractor operating in the Congo—Vandervelde and his party were staunch defenders of Belgian colonialism. While opposed to King Leopold's state monopoly on Congolese trade, Vandervelde upheld the claims of Belgium's private corporations on Congolese resources. He ascertained that the "sacrifices" Belgian workers would have to make in defending the Empire would be compensated for in the form of increased national income from rubber, copper and diamonds extracted, to all intents and purposes, by African slave labour. Vandervelde, for whom "European civilisation [sic] is destined to conquer the world," argued that "[we Belgian socialists] cannot be responsible before world opinion without having acted ourselves, without

having reformed [that is, nationalised] the institutions of the Congo."[221] Like the other European social democratic parties, the BWP upheld its own country's right to Imperial rule using social imperialist and liberal-humanitarian rhetoric, in this case, aiming to guarantee the flow of colonial dividends (superprofits) from the Congo to Belgium and its working class.

The Social Chauvinism of the Labour Aristocracy

The late British social historian Robert Gray noted of the Victorian British labour aristocracy that, while material well-being and social imperialist propaganda did not always translate into bellicose working-class support for militarism, it is nonetheless true that conservative adaptation to capitalist imperialism confirmed in the metropolitan working class a sense of imperial loyalism, superiority over non-European civilizations, admiration of the activities of their country's army and government and hostility to immigrants from poor countries which were (and are) definitely chauvinistic.[222] Since the First World War, the labour aristocracy—capital's "labour lieutenants"[223]—has demonstrated a complete lack of solidarity with the workers of the Third World. Indeed, it has actively supported their oppression.[224]

From what sections of the working class is the labour aristocracy principally drawn? It is crucial to recognise that the size, strength and composition of the labour aristocracy changes according to the shifting historical and geographical dimensions of the international class structure. Lenin hoped that the capacity of the monopoly capitalist states to organise the "bribery" of a labour aristocracy in their own countries would be temporary, since inter-imperialist rivalry and the resistance of the colonies would destroy the material basis for such a provision. However, the hegemonic position US capital attained after the Second World War created a period of economic and political stability for the monopoly capitalist powers which has allowed for an increase in super-wages, strengthening core workers' continued allegiance to imperialism.[225]

In the late 19th century, the labour aristocracy consisted mainly in skilled and unionised workers and members of co-operatives whose privileged position in the domestic labour market and consequent higher wages were directly attributable to their exceptional position in the international division of labour relative to the mass of workers in the dependent countries. Characterizing the intrinsic connection between superexploitation and racism, W.E.B. Du Bois pointed to the basis of labour-aristocratic privilege:

> That dark and vast sea of human labour in China and India, the South Seas and all Africa; in the West Indies and Central America, and in the United States—that great majority of mankind, on whose bent and broken backs rest today the founding stones of modern industry—shares a common destiny; it is despised and rejected by race and colour; paid a wage below the level of decent living; driven, beaten, prisoned, and enslaved in all but name; spawning the world's raw material luxury—cotton, wool, coffee, tea, cocoa, palm oil, fibers, spices, rubber, silks, lumber, copper, gold, diamonds, leather—how shall we end the list and where? All these are gathered up at prices lowest of the low, manufactured, transformed, and transported at fabulous gain; and the resultant wealth is distributed and displayed and made the basis of world power and universal dominion and armed arrogance in London and Paris, Berlin and Rome, New York and Rio de Janeiro.[226]

Compared to this "dark and vast" colonial and neocolonial working class, the white working class (the working class of imperialist nations bound by white supremacy) is prosperous indeed, a fact which ensured that social chauvinism readily incorporated *racist* doctrines.

The American working class was self-consciously and militantly "white" long before European workers organised around that putative identity. Indeed, not only did the racial category of "whiteness" have extra-European origins but, in the mid-late Victorian period, much of the European working class, particularly those in urban areas, was actively

excluded from it.[227] Although immigration of non-white groups proved the major catalyst for European workers' active deployment of a politicised white identity, the nature and availability of this identity is rooted in the racialised imperialist nationalism of the early 20th century. In that period there was a notable shift in emphasis from "whiteness as a bourgeois identity, connoting extraordinary qualities, to whiteness as a popularist identity connoting superiority, but also ordinariness, nation and community."[228] Thus, from being marginal to the white identity in the 19th century, Europeans *en masse* came to adopt and adapt it in the 20th century as jingoistic state institutions conveyed racist consciousness to the working class.[229]

In the era of imperialism, state intervention into the economy was combined with mass media enculturation and philanthropic and civic initiatives to guarantee working-class quiescence. The notion of a national community embracing decent working-class living standards and a popular sense of belonging was thereby considerably enhanced so that thoroughly racialised nationalist symbols and ideology could now be adopted and adapted for usage by the labour aristocracy.[230] As social geographer Alastair Bonnett shows of the British case, "Welfare came wrapped in the Union Jack" and a white supremacist notion of nationality thus advanced as the ideological accompaniment of social democratic capitalism.[231]

In 1933, W.E.B. Du Bois characterized the split within the global working class in the clearest terms, considering it the basis of racist social chauvinism:

> This large development of a petty bourgeoisie within the American [and Western European—ZC] laboring class is a post-Marxian phenomenon and the result of the tremendous and worldwide development of capitalism in the 20th Century. The market of capitalistic production has gained an effective worldwide organization. Industrial technique and mass production have brought possibilities in the production of goods and services which out-run even this wide market. A new class of technical engineers

and managers has arisen forming a working-class aristocracy between the older proletariat and the absentee owners of capital. The real owners of capital are small as well as large investors—workers who have deposits in savings banks and small holdings in stocks and bonds; families buying homes and purchasing commodities on installment; as well as the large and rich investors. …

Of course, the individual laborer gets but an infinitesimal part of his income from such investments. On the other hand, such investments, in the aggregate, largely increase available capital for the exploiters, and they give investing laborers the capitalistic ideology. Between workers and owners of capital stand today the bankers and financiers who distribute capital and direct the engineers. …

Thus the engineers and saving better-paid workers, form a new petty bourgeois class, whose interests are bound up with those of the capitalists and antagonistic to those of common labor. On the other hand, common labor in America and white Europe far from being motivated by any vision of revolt against capitalism, has been blinded by the American vision of the possibility of layer after layer of the workers escaping into the wealthy class and becoming managers and employers of labor….

The second influence on white labor both in America and Europe has been the fact that the extension of the world market by imperial expanding industry has established a worldwide new proletariat of colored workers, toiling under the worst conditions of 19th century capitalism, herded as slaves and serfs and furnishing by the lowest paid wage in modern history a mass of raw material for industry. With this largesse the capitalists have consolidated their economic power, nullified universal suffrage and bribed the white workers by high wages, visions of wealth and the opportunity to drive “niggers.” Soldiers and sailors from the white workers are used to

> keep “darkies” in their “places” and white foremen and engineers have been established as irresponsible satraps in China and India, Africa and the West Indies, backed by the organized and centralized ownership of machines, raw materials, finished commodities and land monopoly over the whole world.[232]

Imperialism and Metropolitan Embourgeoisement

The working class of the imperialist nations is, relatively speaking, materially comfortable, upwardly mobile and culturally ascendant so that the impetus of their struggle for socialism is severely tempered. Those sections of the world working class living in the major imperialist countries ally themselves with a section of the global bourgeoisie willing to share its imperial dividends. Thus were introduced in Europe and America “a wide range of economic, political, and legal reforms, many of which were fought hard for but nonetheless allow sections of … labour the privilege of struggling with capital ‘on better terms’ than their counterparts in the lower strata of the … working class and—even more to the point—the proletarian detachments in countries oppressed by … imperialism.”[233]

At the dawn of the imperialist era, some of the superprofits generated by monopoly capitalism were afforded the workers of the metropolitan countries, stimulating new needs for the urban masses there, including,

> soap, margarine, chocolate, cocoa and rubber tires for bicycles. All of these commodities required large-scale imports from tropical regions, which in turn necessitated local infrastructures of harbours, railways, steamers, trucks, warehouses, machinery and telegraph and postal systems. Such infrastructures required order and security to ensure adequate dividends to shareholders. Hence the clamour for annexation if local conflicts disrupted the flow of trade, or if a neighbouring colonial power threatened to expand.[234]

Already, in the 17th century, slavery had provided British artisans with markets for their goods, just as in the 18th century, colonialism had

provided British workers with access to cheap tropical goods. Thus, British East India Company records show that tea produced in colonial India "took off" as a major commodity in England during the years 1700–1710, whilst by the 1750s, over 37 million pounds of tea came to Britain (equivalent to about four pounds for each Briton), making it the drink of the common people.[235] Meanwhile, by 1740 there were over 550 coffee houses in London alone,[236] providing a stimulus to the rise in British sugar consumption and the slavery upon which it depended. Walvin demonstrates that by the 1790s, each Englishman, on average, ingested 20 pounds of sugar or more annually.[237] A century later, the import of foodstuffs extorted from the colonial peasantries supplemented the diet of European and US workers, contributing both to their high rate of exploitation as the cost of labour-power diminished and, as we shall see, their rising real wages.

Clearly, as Stavrianos suggests, and given the very public promotion of social imperialist doctrines and practices, if the imperialist economy provided jobs, rising living standards, personal security and self-worth for the citizens of the colonial powers, the latter were not likely to passively accept either Third World nationalism or imperialist rivals affecting the flow of superprofits, hence the "clamour" for annexation. The clamour was, of course, amplified to a deafening din by the imperialist politicians and the ideological state apparati of the day.[238]

A fall in prices brought middle-class living standards to the working class of the core economies and along with these came middle-class aspirations. This phenomenon was noted as early as 1903 by the perceptive US economist and social critic Thorstein Veblen, who wrote:

> The workers do not seek to displace their managers; they seek to emulate them. They themselves acquiesce in the general judgment that the work they do is somehow less "dignified" than the work of their masters, and their goal is not to rid themselves of a superior class but to climb up to it.[239]

By the late-nineteenth century, this subjective aspect of embourgeoisement was the reflection of an objective tendency, as Stavrianos shows:

> The profits of monopoly capitalism were generous enough to trickle down to the masses to an unprecedented degree. Whether the real wages of the British working class rose or fell during the early years of the Industrial Revolution in the late 18th and early 19th centuries remains a disputed issue. A definitive answer is difficult because the large-scale urbanisation accompanying industrialisation altered the structure of worker consumption, as, for example, by the introduction of rent for lodging. But there is no question about the steady rise of real wages in the second half of the 19th century. The following figures show that between 1850 and 1913 real wages in Britain and France almost doubled. [See Table III][240]

Within[241] Imperial Germany there were significant wage differences across sectors and skill levels, with German industrial workers poorly paid compared to their British counterparts and German workers in agriculture and services being relatively well paid. Unskilled workers in Britain received wages as low as their German counterparts in the period prior to the First World War.

> [German real wages] were slightly less than three-quarters of the British level in the early 1870s. Between 1871 and 1891, real wages grew at a similar rate in both countries, so that there was no catching-up. After 1891, however, real wages grew more rapidly in Germany, with German real wages converging to around 83% of the British level on the eve of World War I. Following the war and postwar hyperinflation, German real wages fell back to about three-quarters of the British level by 1924, and had recovered only to 83% of the British level on the eve of World War II. On average, then, British workers were better off than their German counterparts throughout the period.[242]

According to historians Stephen Broadberry and Carsten Burhop, the real German wage was 78.7% of the British in 1905. In that year, German workers in agriculture, industry and services earned on average 887 marks per year or 1,109 francs at the 1913 exchange rate.[243] Following Stavrianos' figures, that implies an average French real wage in 1900 of 1,353 francs. Meanwhile, the exchange rate of the ruble between 1897 and 1922 was 1 ruble to 2.67 francs.[244] In 1900, the average real wage of Russian agricultural day workers, building, factory and railroad workers—the latter category paid almost twice as much as the previous two—was 251 rubles or 49.5% of the average French real wage.[245] Russian wages, moreover, were very constant throughout the period of the country's industrial capitalist boom (c.1861–1913) and Russian workers, unlike their British, French and German counterparts, "did not receive rising incomes in step with the economic growth of the country."[246] Alongside miserable wages, another factor helping to explain the relatively militant ethos of Russian labour in the pre-war period is its higher socialization. In comparison to German workers, 70% of whom in 1895 were employed in industries employing 50 or less,[247] nearly 50% of Russian workers worked in industries with over 1,000 employees. Fully 83% of the Russian population was engaged in agriculture as compared to 23.8% of Germans in the immediate pre-war period.[248]

Table III. Rising Real Wages in North-Western Europe, 1850–1913

[this table can also be downloaded as a PDF by clicking here]

(1913 = 100)

Year	GB†	France

Germany	**Russia**			
1850	57	59.5	—	—
1860	64	63.0	—	—
1870	70	69.0	51.8	—
1880	81	74.5	59.0	—
1890	90	89.5	71.8	53.5
1900	100	100.0	78.0	49.5

† Great Britain

By way of further comparison, it must be noted that from 1876 to 1902 between 12.2 and 29.3 million Indians died under the Raj as a direct result of British colonial economic and administrative policy.[249] At the same time, 10 million—half the population—were worked to death or died of starvation between 1884 and 1908 in Belgian King Leopold II's Congo Free State.[250]

The rising purchasing power of wages depicted above may signify that British workers were merely receiving some of the benefits from the increased productivity of labour producing workers' consumption goods, and would therefore be consistent with a rising rate of exploitation. In fact, however, it signifies an increase in the proportion of workers' consumption goods produced by superexploited colonial labour. Between 1870 and 1913, merchandise imports to Britain increased from £279 million to £719 million, and with it the country's trade deficit from £33 million to £82 million.[251] As Patnaik notes, rising consumption of sugar, beverages, rice and cotton by West Europeans at this time depended heavily on these unpaid import surpluses from colonial countries.[252] As such, although the

outsourcing of the production of workers' consumption goods to oppressed nations occurred on a qualitatively smaller scale during the last three decades of the 19th century than it has during recent times, the rising real wage of British workers at that time is in no small measure attributable to their receipt of the material benefits of imperialism. As such, the best explanation for 19th century British wages *falling* relative to GDP but rising in terms of purchasing power is that value was being transferred from colonial societies wherein the (mainly rural) workforce was on the losing side of the international class struggle.

Whereas standard long-run real wage series simply divide the nominal wage by the price of an unchanging consumption basket, Hersh and Voth show that after Europe's "discovery" of America, consumption habits therein were profoundly transformed and dramatically improved. They calculate that income gains from colonial goods imports such as tea, coffee and sugar added at least the equivalent of 16 per cent, and possibly as much as 20 per cent, of household income to British people's welfare by the middle of the nineteenth century.

> Consumption of overseas "small luxuries" spread relatively quickly. Consumers voted with their pocketbooks in favor of these goods. Initially, high prices stood in the way of rapid adoption. As soon as cheaper supplies became available, consumption surged. By the 18th century, the regular use of tea and coffee had spread to all strata of society. Sugar was the second-biggest import of the UK by value in 1850, after cotton, and ahead of all grain including wheat. Tea was fourth, and coffee, sixth. Even the poorest groups of society spent 6–7% of household income on these colonial goods. These results suggest that existing real wage indices for early modern Europe may be much too pessimistic."[253]

Britain's capital accumulation was closely related to its plunder of the colonies. Extra surplus value transferred from the Third World, over and above the prevailing domestic level, raises the profitability of First World business not only by cheapening the costs of constant and variable capital,

allowing for much higher rates of consumption of both, but also, in the colonial era at least, by allowing for increased rates of capital formation through unpaid trade surpluses.[254]

British money wages rose on average by about a quarter between 1850 and 1865. By 1870, money wages had risen by a third as compared with 1850 and by 1874, when the peak was reached, by more than half. In terms of purchasing power for workers in full employment, there was a rise above the level of 1850 of 17 per cent in 1865 of 18 per cent in 1870 and 33 per cent in 1874–5.[255] Between 1850 and 1875, consumption per head of cereals rose by about 3 per cent. Meat consumption, however, rose by over 10 per cent per head, that of tea by over 60 per cent, and sugar by 75 per cent. Tobacco consumption also increased by about 18 per cent per head of population whilst the consumption of spirits rose by over one third and wine by about two thirds.[256]

Between 1850 and 1875, however, skilled workers aided by the growth of trade union organisation improved their position much more than the less skilled, so that average figures, based chiefly on data for the skilled trades, tend to exaggerate the general improvement. Clearly, as I have previously argued, the benefits of imperialism were unevenly distributed, with the lion's share going to the labour aristocracy. Nonetheless, it is important to note that there was a considerable increase in the relative numbers of skilled craftsmen and that, therefore, we must also account for a steady movement of workers from worse- to better-paid trades.[257]

After showing that the English working class as a whole saw little or no relative improvement in its wages from the mid- to the late-nineteenth century, British Marxist Theodore Rothstein related its continued support for a bankrupt and opportunist trade union movement to the "remarkable movement in the prices of commodities of prime necessity during the period".[258] Taking their percentage on the basis of the year 1900 as 100, Table IV shows the movement of such prices.

Thus, although nominal wages for British workers of the time remained stationery, real wages increased as the same time as Free Trade

and colonial plunder with which it was inextricably associated allowed Britain to derive the maximum benefit from declining prices on the world market. In Table V, which cites figures from a leading British statistician, the index of nominal wages were taken from official reports, using those of 1900 as 100.

Table IV. Price Movement of Primary Commodities in Britain, 1871–1905

[this table can also be downloaded as a PDF by clicking here]

Year	Wheat	Beef	Milk	Tea	Sugar	45 Products Combined
1871	210.5	111.2	120.7	192.5	280.0	136.0
1875	167.8	127.6	150.0	195.9	236.0	141.4
1880	164.7	122.4	131.1	157.7	228.0	129.6
1885	122.0	108.6	121.6	141.2	141.2	107.7
1890	118.6	100.0	110.3	124.7	127.3	104.0
1895	85.8	93.1	106.1	112.3	103.7	91.7
1900	100.0	100.0	100.0	100.0	100.0	100.0
1905	110.5	94.8	97.0	84.8	115.8	97.6

Source: Rothstein 1983, p. 257, citing figures from British and Foreign Trade and Industrial Conditions, 1903, *Annual Abstract of Labour Statistics*, vol. XVII, and various issues of the Royal Statistical Society.

Table V. Real versus Nominal English Wages, 1879–1907

[this table can also be downloaded as a PDF by clicking here]

Year	Nominal Wages	Real Wages	Year	Nominal Wages	Real Wages
1879	83.3	121	1897	90.8	170
1880–84	84.9	131	1898	93.2	169
1885–89	84.3	141	1899	95.3	176
1890–94	90.2	157	1900	100.0	179
1895	89.1	163	1905	97.0	163
1896	89.9	170	1907	101.7	170

Source: Rothstein 1983, p. 259 citing G.H. Wood, *Journal of Royal Statistical Society*, June 1910.

In this rise in real English wages, Rothstein finds "the key to the history of the English labour movement during the whole post-Chartist period till 1910, in all its aspects."[259]

In more recent years, conservative US economists W. Michael Cox and Richard Alm have shown that whilst wages in the United States may have fallen since 1973 as a proportionate share of GDP, in real value terms the poor in that country were better off in 1999 than they were in 1975.[260]

For example, while in 1971 31.8% of all US households had air-conditioners, in 1994 49.6% of households below the poverty line had air-conditioners. The authors of this study also demonstrate that the United States poor in 1999 had more refrigerators, dishwashers, clothes dryers, microwaves, televisions, college educations and personal computers than they did in 1971. Wages decidedly did not shrink, then, relative to the purchasing power necessary to consume these items nor, indeed, to consume those items necessary to the reproduction of the worker as such (the value of labour-power, in Marxist terms). Thus, between 1970 and 1997, the real price of a food basket containing one pound of ground beef, one dozen eggs, three pounds of tomatoes, one dozen oranges, one pound of coffee, one pound of beans, half a gallon of milk, five pounds of sugar, one pound of bacon, one pound of lettuce, one pound of onions and one pound of bread fell so that it took 26% less of a worker's time to buy it.[261]

According to the International Monetary Fund, although OECD labour's share of GDP decreased, the globalisation of labour in the last three decades "as manifested in cheaper imports in advanced economies," has increased the "size of the pie" to be shared amongst citizens there and thus a net gain in total workers' real compensation.[262] English Marxist economist Dr. John Smith notes that

> WEO 2007 estimates that between 1980 and 2003, real, terms-of-trade adjusted wages of unskilled workers (defined as those with less than university-level education) in the US increased by 14%, and that around half of this improvement resulted from falling prices of imported consumer goods … [Broda and Romalis (2008)] calculate that ⅘ of the total inflation-lowering effect of cheap imports is accounted for by cheap Chinese imports, these having risen during the decade [1994 to 2004] from 6% to 17% of all US imports, and that "the rise of Chinese trade … alone can offset around a third of the rise in official inequality we have seen over this period."[263]

In the United Kingdom, declines in the cost of living during the past decade are similarly attributable to trade with China.[264] The important point is that merely noting a fall in wages relative to GDP does not in itself account for the purchasing power of said wage, nor does it necessarily compensate for the enormous level of superprofits inhering in the average imperialist-country wage.

Certainly, in the decades prior to the First World War, rising wages did not automatically convert the entire imperialist-country working class into labour aristocrats. The majority of workers in the imperialist countries remained exploited, producing more surplus-value than they received in the form of wages. As such, the greater part of the benefits of imperialism tended to accrue to a small upper stratum of the workforce. It was this relatively affluent and reformist section which first came to be designated a labour aristocracy.

In the early imperialist period, the expanded mechanisation of capitalist production had displaced the traditional autonomy and organisational hegemony of the craft-union based labour aristocracy of earlier times. However, capitalism has historically allowed for divisions within the working class to be reformed, recreated and maintained in new ways by those groups within it with the necessary power to influence its development. Thus, far from simply leading to the "radical decline" of the traditional organisations of the labour aristocracy, the "technological transformation of the labour-process"[265] in the mid- to late-nineteenth century created the basis for *new* forms of skilled labour and narrow craft organisation to re-assert themselves. As Gray notes of the British case:

> Attempts to rationalise production were limited by the strength of skilled labour, market conditions and the absence of managerial experience; the prospectuses of inventors and entrepreneurs might promise to eliminate independent and wilful skilled men, what actually happened as machinery was introduced is another matter. To accept areas of craft control over production could also appear a more viable strategy than grandiose schemes of rationalisation,

> especially with the limited character of managerial technique … Although skill is partly a question of bargaining power and cultural attitudes, there were few if any groups of skilled workers whose position did not involve control of some specialised technique indispensable to their employers—that control was indeed the basis of their bargaining power.[266]

Similarly, US Marxist and urban theorist Mike Davis discusses how in the US a corporate assault on the power of skilled labour beginning at the end of the 19th century "broke the power of craftsmen and diluted their skills" but "carefully avoided 'levelling' them into the ranks of the semiskilled" through economic benefits and new social norms.[267]

The periodic unemployment and short-range mobility of workers in the late 19th century certainly do not make it impossible to identify a body of relatively privileged workers. For example, whilst painters were a low-paid and casualised trade, "joiners, bricklayers and masons, despite vulnerability to seasonal unemployment, often appear in the better-paid and more secure section of the working class."[268] Marxist historian Robert Clough shows that, on average, unemployment in Britain was three times higher for the unskilled than for the skilled worker.[269] Gray argues that although there were both continuities and discontinuities within the country's labour aristocracy—geographic, ideological, gender and ethnic—there is no doubt that British trade and industry in the mid- to late-nineteenth century was characterised by different groups of workers having different levels of pay, economic security and measures of control in the immediate work situation. It was these better-off workers who provided the support base and the leadership of the British trade-union movement of the time.

In 1885, Engels wrote:

> The great Trade Unions … are the organisations of those trades in which the labour of grown-up men predominates, or is alone applicable. Here the competition neither of women or children nor

> of machinery has so far weakened their organised strength. The engineers, the carpenters and joiners, the bricklayers are each of them a power to the extent that as in the case of the bricklayers and bricklayers' labourers, they can even successfully resist the introduction of machinery … They form an aristocracy among the working class; they have succeeded in enforcing for themselves a relatively comfortable position, and they accept it as final. They are the model workingmen of Messrs Leone Levi and Giffen, and they are very nice people nowadays to deal with, for any sensible capitalist in particular and for the whole capitalist class in general. [270]

The economic and political benefits accruing to the skilled working class of Victorian England were directly attributable to their exceptional position in the international division of labour at the time—that is, their relationship to British colonial imperialism.

> If we look at the sectors where skilled workers and their organisation were strongest, we find them to be closely connected to Empire: textiles, iron and steel, engineering, and coal. Textiles because of the cheap cotton from Egypt, and a captive market in India; iron and steel because of ship-building and railway exports, engineering because of the imperialist arms industry, and coal because of the demands of Britain's monopoly of world shipping. In a myriad of different ways, the conditions of the labour aristocracy were bound up with the maintenance of British imperialism. And this fact was bound to be reflected in their political standpoint.[271]

Thus, it was not simply its skills, its productivity or the forms of its industrial organisations which afforded the upper stratum of British labour its class privileges, but its centripetal position in the labour markets and political apparatus established via British imperialism. To better compete with its imperialist rivals, Britain escalated its extraction of surplus embodied in colonial foods and raw materials but, crucially, never paid for

in wages. In doing so, it was able to supplement the consumption of its own workforce at the expense of those in the colonised nations.

Nabudere shows Britain increased its level of foreign investment by an average £660 million every decade between 1870 and the outbreak of the First World War.[272] Its net annual foreign investment between 1870 and 1914 was a then unprecedented one-third of its capital accumulation and 15% of the total wealth of its Empire.[273] Colonial investments steadily increased throughout the "classical" era of capitalism so that by 1870 36% of British overseas capital was in the Empire alongside half the annual flow.[274] According to Elsenhans, the percentage of total capital exported to the colonial world up to 1914 was: Britain, 37.9%; France, 34.5%; Germany, 31.1%; and United States, 54%.[275] Later, in the highly protectionist interwar period, when nearly half of Britain's trade was with its dominions and colonies and one-third of France's exports went to its colonies, the Imperial powers (not including a Germany stripped of her colonies) could use superprofits to purchase social peace.

Such overseas investment greatly facilitated Britain's capital goods exports. The £600 million invested in overseas railway building between 1907 and 1914, for example, created a captive market for iron, steel and rolling stock. It also thereby cheapened the transportation costs of food and raw materials, and reduced the costs of British constant and variable capital alike, buoying profit rates.[276] Moreover, as noted above, unrecompensed "trade" with the colonies financed much of this capital export. The core nations of Europe and North America increased their purchase of raw materials and foodstuffs from the oppressed nations in the decades before the First World War, maintaining a constant excess of merchandise imports over exports.[277] By 1928, Europe had a net export deficit of US$2.9 billion which was offset by the colonial world's merchandise export surplus of US$1.5 billion.

British imperialism's trade deficits with the colonies may be compared with the profit needed to subvent the Victorian labour aristocracy. We may assume that Britain's 1.5 million unionised workers in 1892,

representing 11% of all British workers in trade and industry, constituted the core of the labour aristocracy of the time (with the very partial exception of the miners, unskilled unions were then negligible).[278] Skilled workers in 1900 could expect an average weekly wage of 40 shillings (£104 annually). Since these workers earned almost double that of unskilled workers, we take the "excess" annual wage of the labour aristocracy as amounting to £52 annually, a total wage bill for the group of £78 million per annum. At £59.2 million in 1913,[279] it is likely that at least three-quarters of this total can be accounted for by Britain's trade deficit with India alone.

Thus, with its own imperialist bourgeoisie in the ascendant—with its leadership composed of men decidedly gaining from imperialism, and given its own share in the spoils of imperialism (with cheap colonial produce expanding the purchasing power of the average wage)—the working class of the core nations was economically debarred from practically envisaging any alternative to capitalism.

The overwhelming fact that the working class in the imperialist countries does not unite with the anti-imperialist struggles of the majority of the world's people ensures that they acquiesce to the dominant ideologies and practices of their own ruling class' racial-social management, whether nominally conservative or social democratic. The imperialist ruling class is able to keep the populations of their own nations from struggling against capitalism alongside the superexploited nationalities by virtue of sharing out the enormous profits reaped from imperialism via the provision of high wage jobs, cheap imported commodities, myriad welfare benefits and superior working conditions. The next chapter explores whether the system of imperialist parasitism upon which labor aristocratic ideology is predicated in the metropolitan centres persists in the contemporary world and concludes that, today, the entire working class of the First World nations is petty-bourgeois and as such supports the maintenance of imperialism, the source of its precarious privilege.

CHAPTER I.4

GLOBAL IMPERIALISM AND FIRST WORLDISM

As Amin has noted, the “normal” development of the capitalist production cycle was interrupted by a world phase of crisis and war, lasting just over thirty years between 1914 and 1945, when rivalry over territorial expansion produced the inevitable collisions amongst the imperialist powers.

It was the conflict between Germany and Britain in the Ottoman provinces and between Russia and Austria-Hungary over the Balkans, which led to the First World War, a war for colonial the repartition of the world. Bayly writes:

> Intensified rivalry between the great, technologically armed European powers was a critical reason for the great leap forward of European empires after 1870 … The “great acceleration”—the dramatic speeding up of global social, intellectual, and economic change after about 1890—set loose a series of conflicts across the world which quite suddenly, and not necessarily predictably, became unmanageable in 1913–14. This was undoubtedly a European Great War. Yet it was also a world war and, in particular, a worldwide confrontation between Britain and Germany. As many contemporaries acknowledged, this was a war which had its roots in Mesopotamia and Algeria, Tanganyika and the Caucasus, as well as on the Franco-German and German-Russian frontiers. In one sense, Lenin was right when he argued that the First World War was an “imperialist war.” Economic, political, and cultural rivalries in the Balkans, Asia, and Africa were central causes of a conflict which was international in character.[280]

The economic causes of the First and Second World Wars lay in capitalism’s endemic tendency to overproduction, falling rates of profit,

inequality and declining mass consumption. These expressions of capitalist crisis led to at first the threat, and then the actuality of war over preferential trade agreements, tariff barriers, trade routes, protected markets for investments and manufactures, and raw materials sources.[281] Imperialist protectionism was fully supported by the socialist parties, which opposed imports of foreign goods and foreign workers. As US historian and accountant Richard Krooth notes in his superb short study of the economic and political causes of the First and Second World Wars, in the imperialist countries of the 1920s, “the monopolists, the farmers and workers teamed up with the bankers” in a national alliance which could only lead to war.[282]

During this period, the weakest links in the global capitalist chain broke, however, and produced the monumental upheavals of the Russian and Chinese revolutions, the enormous intensification of national liberation struggles worldwide and the growth and defeat of fascism, a political movement aimed at rescuing an ailing capitalism, a capitalism without colonies, from the challenge of communism. After this period, monopoly capitalism was retrenched and became what US sociologists Robert Ross and Kent Trachte call *global capitalism*, or what we will refer to herein as *global imperialism*.[283]

As it became globalised, imperialism changed its *modus operandi*. Although new settlement of conquered territories was fairly exceptional, the initial phase of imperialism nonetheless maintained colonialism in the form of protected dependent markets for rival national corporations. Industry was restricted to the core nations and the Third World was largely forced into primary goods production in the form of raw materials and foodstuffs destined for export to the imperialist countries. Colonialism enabled workers in imperialist countries to consume goods literally plundered from the dependent nations, while most surplus-value was still produced in the industrialized regions of the world. Trade conflicts between national monopolies were fought both overtly and covertly in both proxy and openly aggressive wars of intervention.

With the transition to global imperialism, however, national corporations have become *multinational* corporations. The global economy has become both much more regulated *and*, as the reconstructed postwar economies of Europe began to export their surplus, much more open, leading to an unprecedented surge in world trade (doubling every ten years between 1948 and 1973)[284] and investment. A decisive unity of the imperialist bloc against communist and nationalist insurgency in the oppressed nations largely (though not completely) replaced destabilising inter-imperialist rivalries. US monopoly capital had attained unalloyed economic predominance at the end of the Second World War as a result of the wholesale destruction and mortgage of its competitors' productive bases. By this time, the USA held two thirds of the world's gold reserves and three-quarters of its investment capital.[285] The USA thus found itself in the same position as Britain had a century earlier and, like Britain, sought to impose its economic hegemony via an open-door imperialist regime. In so doing, the USA gained a foothold everywhere outside the socialist bloc and promoted (formal) decolonization and "free trade." Other than in countries like Egypt, Iran, Kenya, Algeria and Cuba where revolutionary nationalism briefly challenged Western interests—and in Indochina, Mozambique and Angola where anti-imperialist communism did the same—this was to occur in a form which meant that the breakup of Empire produced a change in colonial states' *constitutional status* as distinct from their *dependent* social structures. The Empires of Britain, France and the Netherlands were dismantled and the Third World ruling classes integrated into imperialist capitalist structures by way of their thorough compradori*sation*.[286] Global imperialism (what Ghana's first President Kwame Nkrumah called "collective imperialism") retained spheres of interest through *neocolonialism*.

The theory of neocolonialism was developed by the socialist-inclined leaders of the newly independent, or "post-colonial," nations following the break-up of the colonial empires. A comprehensive summary of the central features of neocolonialism was made in 1961 at the Third All-African People's Conference held in Cairo:

This Conference considers that Neo-Colonialism, which is the survival of the colonial system in spite of formal recognition of political independence in emerging countries, which become the victims of an indirect and subtle form of domination by political, economic, social, military or technical [forces], is the greatest threat to African countries that have newly won their independence or those approaching this status. …

This Conference denounces the following manifestations of Neo-Colonialism in Africa,

(a) Puppet governments represented by stooges, and based on some chiefs, reactionary elements, anti-popular politicians, big bourgeois compradors or corrupted civil or military functionaries.

(b) Regrouping of states, before or after independence, by an imperial power in federation or communities linked to that imperial power.

(c) Balkanisation as a deliberate political fragmentation of states by creation of artificial entities, such as, for example, the case of Katanga, Mauritania, Buganda, etc.

(d) The economic entrenchment of the colonial power before independence and the continuity of economic dependence after formal recognition of national sovereignty.

(e) Integration into colonial economic blocs which maintain the underdeveloped character of African economy.

(f) Economic infiltration by a foreign power after independence, through capital investments, loans and monetary aids or technical experts, of unequal concessions, particularly those extending for long periods.

(g) Direct monetary dependence, as in those emergent independent states whose finances remain in the hands of and directly controlled by colonial powers.

(h) Military bases sometimes introduced as scientific research stations or training schools, introduced either before independence or as a condition for independence.[287]

A century before neocolonialism was defined it was presaged in the free-trade imperialist doctrine (see previous chapter). The latter, at its most consistent and as expressed by a Whig MP speaking in Britain's House of Commons in 1846, was based upon the "beneficent principle by which foreign nations would become valuable colonies to us, without imposing on us the responsibility of governing them."[288] Today, this principle continues to inspire opposition to war in the imperialist countries, where acts of aggression against Third World countries are often judged according to their perceived costs to the taxpayer or soldiery, and not on whether the Third World nation thus victimized, much less the international working class, is likely to benefit from them.

As capitalism became truly global for the first time, Keynesian demand management in the form of the provision of high wages to core workers limited the extraction of surplus-value in the First World, whilst superexploitation increased in the Third World. Thus, whereas per capita income in the US, Britain, France and Germany was US$150–300 with an average growth rate of 2.5% between 1840 and 1850, in 1949 in many developing countries it was between US$25–50 with zero growth rates.[289] In 1950, per capita income in the US was 10 times that of the Third World where it was 17 times it in 1960.[290]

As production became more and more globalised following the rise of the multinational corporation after WWII, the labour aristocracy effectively became "nationalised," that is, practically the entire working class of the imperialist nations was subsumed into the petty bourgeoisie.[291] Indeed, its members are substantially richer than the mid-nineteenth century petty bourgeoisie. In the ensuing consumerist phase of imperialist capital accumulation, social chauvinism became transformed into *First Worldism*, that is, the governing ideology of the rule of entirely parasitic nations over the whole of the dependent Third World. First Worldism is the sense of entitlement to a standard of living predicated on superexploitation as felt by the vast majority in the advanced industrial nations.

The Economics of First Worldism

After the Second World War, the core nations of the capitalist world system set aside their previous rivalries and combined to form a collective imperialist bloc under overall US hegemony. Despite at times (and, arguably, increasingly) resisting their subordinate position, Western Europe and Japan have complied and colluded with the United States so as to maintain their historic economic and political ascendency over the Third World by means of debt servicing, unequal exchange, price-fixing, transfer pricing, repatriation of profits by multinational corporations and royalties from monopoly of intellectual property rights:

> The solidarity among the dominant segments of transnationalised capital from all the partners in the Triad [the imperialist bloc of the European Union, North America and Japan—ZC] is expressed through their rallying behind globalised neoliberalism. The US is seen from this perspective as the defender (militarily, if necessary) of "common interests." Nonetheless, Washington does not intend to share equitably in profits derived from its leadership. The US seeks, on the contrary, to reduce its allies to vassals and is thus only ready to make minor concessions to the junior allies in the Triad. Will this

> conflict of interest within dominant capital lead to the break-up of the Atlantic alliance? Not impossible, but unlikely.[292]

Over the past sixty years, as superprofits have been sucked into the First World at exponential rates, MNCs have found that in order to secure the buying power of some 800 million First World consumers, they must be in a position of complete dominance in the world market. To that end, global oligopoly capital bound up with the World Trade Organization, the World Bank and the International Monetary Fund finds itself financing the trade deficits of the US "as a tribute paid for the management of the globalised system, rather than an investment with a good, guaranteed return."[293]

The term "globalization" arose in the 1980s to designate those policies and their effects which can more readily be understood under the rubric of *neoliberalism*. The latter is an ideology that stresses open markets and private enterprise as the principal engines of economic and political advancement internationally. Neither globalisation nor neoliberalism, however, is to be confused either with world economy or with imperialism as such. Capitalism has always been a world economy and Keynesian social democracy co-existed alongside neocolonialism and aggressive militarism.[294] Thus Keynesian, welfare-state imperialism waged colonialist wars in Vietnam (1945–1960), Korea (1949–1954), Malaya (1945–1955), Kenya (1952–1958), Algeria (1952–1962), Congo-Zaire (1960–1964), Nigeria-Biafra (1967–1970), Egypt (1956, 1967, 1973), Angola, Mozambique and Guinea Bissau (1962–1974) and Eritrea (1963–1979).[295] Having conducted a series of devastating colonialist wars against Africa and Asia in the 19th century, after the Second World War French militarism tried to prevent the people of Vietnam, Laos, Cambodia and Algeria from winning their independence. The major force behind the latter conflict, in which up to one million Algerians were killed, was the government of the French Socialist Party,[296] just as the British Labour Party was responsible for implementing the racist war of terror against the Mau Mau anti-colonialist peasant revolt in Kenya from 1952 to 1958.[297]

Neoliberalism does, however, signify a new discipline of labour to the standards demanded by lenders and shareholders; diminished state responsibility for welfare and development; the qualitative growth of financial institutions and financial profits as a proportionate share of GDP; the thoroughgoing interpenetration of industry with finance; the further concentration of capital through mergers and acquisitions; and a renewed drive by the core nations of the First World to siphon off the wealth of the Third World.[298] Specifically neoliberal globalisation is one of growing foreign exchange transactions, international capital mobility, transnational corporate expansionism and the economic ascendancy of financial institutions like the IMF and the World Bank.[299]

For thirty years after the Second World War, economic expansion financed by the US State Department's Marshall and Dodge Plans was principally driven by the reconstruction of the war-ravaged imperialist economies. While the mass consumption of the labour aristocracy was limited in comparison to that of the succeeding neoliberal phase of imperialism, through its stimulation via advertising, it nonetheless augmented the capital accumulation process. Two world wars fought ostensibly for the furtherance of democracy, alongside the existence of the Soviet Union and the popular anti-colonial revolts occurring worldwide, provided a spur to the creation of the welfare state in the First World. Having suffered during these wars, the metropolitan working class demanded both economic and political provisions from a weakened and pressured ruling bourgeoisie, which was forced to concede a social democratic compromise.

By the end of the 1960s, however, declining profits caused by low interest rates, high investment in fixed assets (physical capital, plant and machinery), high state expenditures and high wages were causing inflation and sluggish growth (stagflation) in the imperialist economies.[300] At the same time, thriving Japanese and European imperialisms were beginning to compete with the United States, resulting in declining prices for internationally traded manufactures, and hence declining profits. Moreover, the US itself increasingly found that it could not balance its trade.

Consequently, a large reservoir of dollars that could be converted into gold was rapidly accumulating on a world scale, forcing the United States in 1971 to abandon the gold standard and fixed currency exchange rates in favour of floating exchange rates. The decision by the Federal Reserve to dramatically increase interest rates in 1979 marks the beginning of a period of full-bodied neoliberalism. The power such measures afforded investors and creditors led to an upsurge in global capital flows from the mid-1970s onward. Although state deficits continued to remain high because of the enlargement of credit, profit rates began to be restored between 1982 and the turn of the millennium as *global imperialism* became a reality.

As its most novel and defining feature, imperialism today entails *the globalisation of production processes relying on the superexploitation of Third World labour*. This is evinced by "the rise in intermediate goods in overall international trade, whether it is done within firms as a result of foreign direct investment or through arm's length subcontracting."[301] The formation of "global commodity chains" has led to a situation whereby "the centre of gravity of much of the world's industrial production has shifted from the North to the South of the global economy,"[302] where over 80% of the world's industrial workforce resides today. As a means of securing superprofits from highly-exploited wage labour and of countering upward pressure on wages by lowering the cost of the reproduction of core-nation labour, from the late 1970s international oligopolies turned towards intensive industrialisation of the Third World export sector.[303] "Global labour arbitrage," the practice of firms profiting from international differentials in the price of living labour, affords the biggest companies massive market gains and a competitive edge over smaller rivals. At the same time, for core-nation workers, imports of clothing, food and other mass consumption goods produced by superexploited Third World labour have enabled improvements in living standards without their having to wrest higher wages from employers.[304] Nevertheless, global imperialism has not been without its contradictions. These are especially bound up with the related phenomenon of *financialisation*.

Financialisation of the global economy is the product of the world's leading oligopoly industries having such plentiful supplies of inexpensive Third World labour to (super)exploit so that the money they save can be invested in myriad types of financial speculation. As this process gathered momentum from the 1980s onward, following the rapid integration of China and the (soon to be former) Soviet Union into the world capitalist market, leading oligopolies (industrial and financial capital being highly interpenetrated) discovered that they could reap more profits from financial activities than from investment in new productive capacity—that is, in new plant, machinery and labour-power.

The "long boom" that occurred in the US between 1993 and 2000, pre-empted as it was by a wave of capitalist euphoria about "the end of history" and the triumph of the "free market," was largely the result of an exceptional infusion of capital from across the Third World and, in particular, from industrial "socialism with Chinese characteristics" (more accurately, capitalism with Chinese characteristics). Cheap labour-intensive imports from the Global South temporarily allowed the imperialist bourgeoisie to offset its inability to sell as much as it could produce domestically. In short, "overcapacity in southern labour-intensive production processes, through its effect on repressing the prices of consumer goods, intermediate inputs etc., has played a key role in helping the imperialist economies to contain and alleviate their domestic overcapacity."[305] Inflationary pressures associated with the US trade deficit were offset by the falling prices of outsourced intermediate inputs and consumer goods.

Concerned to prevent their currencies appreciating against the dollar (and thereby making their exports more expensive and scuppering export-led growth), China and other manufactures-exporting Third World countries returned surplus export earnings to the US government "as loans at zero or negative real rate of interest."[306] Thus, in 2007, 11% of China's GDP was invested in US treasury bonds, an amount equivalent to one third of its personal consumption.[307] This ensured that, despite expanding trade deficits, interest rates in the US stayed low, while volatility in the prices of

financial assets was subdued. Outsourcing and global labour arbitrage thus provided “the necessary conditions for continued GDP growth [in the imperialist countries—ZC], for the ‘excessive’ leverage and risk-taking now being widely blamed for the crisis, and for the explosive growth of financial derivatives over the past decade.”[308]

“Financialisation” of the economy, following on the heels of global imperialism, was recently manifested most prominently in the provision of cheap, risky mortgages for house purchases in the rich countries. When in 2007 many of these loans turned bad and house prices peaked, home-buyers found themselves unable to pay their mortgages and banks were forced to foreclose and sell quickly and cheaply. Many houses thus became available at low prices and the market value of real estate declined precipitously. As a result, the biggest mortgage brokers went bankrupt, taking down with them a number of big banks that were heavily invested therein. In order to bail out these banks, governments across the First World sold bonds, that is, promises to pay the bearer back with interest at a later date. Thus saddled with huge debts—accrued to prevent the capitalist economy from going into meltdown—governments have instituted sweeping austerity measures, cuts to public sector jobs, salaries and services, their pace dictated by prospective investors’ confidence in the ability or otherwise of governments to pay their debts. Given that austerity has massively reduced First World markets for goods and services, it is unlikely that the private sector can pick up where the public sector has left off for some time to come.

During this whole period, the ultra-rich have surely made out very well at the expense of the rest of the planet. Yet what is completely ignored in “left” analyses stressing the venality and avarice of the *haute bourgeoisie*, the top 1% of humanity, in the current crisis period is the extent to which First World consumption is a drain on Third World labour. The metropolitan working class has itself a long way to go to pay off its (mounting) debt to the Third World workers and farmers whose surplus labour is the absolute precondition for the maintenance of the entire capitalist system, and whose superexploitation leaves them in a *permanent*

state of "austerity." Indeed, the deleterious consequences of neoliberalism for the Third World have been serious indeed.

By the end of the 1970s, the depletion of the global periphery's rural labour force (part of the "reserve army of labour" in Marxist terms) augured the growing strength of its working class. In part to combat this trend, the global financial institutions dominating the world economy (what have been described as the financial wings of US foreign policy)[309] introduced a regime of trade liberalisation and capital export in the 1980s and 1990s. The conditions under which Third World capital could continue to sustain its profit rates were the Structural Adjustment Programs (SAPs) and fiscal austerity the IMF imposed in that period, whereby public spending was dramatically cut and semi-protectionist Import Substitution Industrialisation (ISI) strategies abandoned. With neoliberal financial and trade agreements in place, the danger of capital flight loomed large in all countries. In the Third World, the comprador and/or post-socialist ruling capitalists slashed wages to assure global monopolist interests of their good will, further reducing the buying power of their compatriots and the domestic market. As the imperialist countries hiked interest rates in the 1970s, the countries of the Third World (who were loaned capital as "aid" in the 1960s as part of the West's struggle against communism) found that the value of their exports declined as amortisation swallowed up trade surpluses. High interest rates ensured a constant loss of capital to the First World so that by 2000 the debt of the peripheral countries was four times larger than in 1980. [310] As French Marxist economists Gerard Duménil and Dominique Lévy suggest, the benefits to the First World of the Third World debt crisis, capital export and neoliberal restructuring of Third World economies are multifold:

> The appropriation of natural resources (agriculture, mining, energy) at low and declining prices; the exploitation by transnational corporations of segments of the cheap labour force of these countries, who are subjected to often extreme working conditions; and the draining of the flows of interest resulting from the cumulative debt of these countries. To this, one must add the

> gradual appropriation of the major, potentially more profitable, segments of the economy, including the opportunities opened up by the privatisation of public companies, which allows transnational corporations to buy entire industries, for example telecommunications, at low prices.[311]

Fully export-oriented capitalism, then, was implemented on a massive scale in Third World countries from the 1980s and continues today.[312] To ensure effective demand for Third World commodities, returns from superexploitation and the health of the whole imperialist system, a huge current account deficit centred on the US—the world's "borrower and consumer of the last resort"—was essential.

Since 1970–71, the United States has imposed its economic will on the world through a policy of *dollar hegemony*. To ensure that superexploitation can continue unabated in countries which have the potential to develop their own competitive economies, the United States demands that the world pay for oil in US dollars, which it uses to purchase goods for which it has not the ability to pay.[313] Dollar hegemony is one of the principal mechanisms by which the imperialist bloc is able to secure economic supremacy over Third World nations today, even in the face of a US$400 billion US trade deficit. Economist Henry C.K. Liu writes:

> World trade is now a game in which the US produces dollars and the rest of the world produces things that dollars can buy. The world's interlinked economies no longer trade to capture a comparative advantage; they compete in exports to capture needed dollars to service dollar-denominated foreign debts and to accumulate dollar reserves to sustain the exchange-value of their domestic currencies. To prevent speculative and manipulative attacks on their currencies, the world's central banks must acquire and hold dollar reserves in corresponding amounts to their currencies in circulation. The higher the market pressure to devalue a particular currency, the more dollar reserves its central bank must hold. This creates a built-in support for a strong dollar that in turn

> forces the world's central banks to acquire and hold more dollar reserves, making it stronger. This phenomenon is known as dollar hegemony, which is created by the geopolitically constructed peculiarity that critical commodities, most notably oil, are denominated in dollars. Everyone accepts dollars because dollars can buy oil. The recycling of petro-dollars is the price the US has extracted from oil-producing countries for US tolerance of the oil-exporting cartel since 1973…
>
> The adverse effect of this type of globalization on the US economy is also becoming clear. In order to act as consumer of last resort for the whole world, the US economy has been pushed into a debt bubble that thrives on conspicuous consumption and fraudulent accounting. The unsustainable and irrational rise of US equity prices, unsupported by revenue or profit, had merely been a devaluation of the dollar. Ironically, the current fall in US equity prices reflects a trend to an even stronger dollar, as it can buy more deflated shares.[314]

Through this negative account balance (though not only it), the US working class is able to consume products which its labour has not paid for. Global neoliberal restructuring has thus maintained the privileged position of the core-nation working class relative to the Third World proletariat, albeit on terms less favourable to the former's independent political expression than during the long boom of the 1950s and 1960s. The institution and maintenance of global monopoly capitalism ensures that there is effected a fully international division of labour. With rising wage levels now essential to the maintenance of political stability, markets and technological progress in its home countries, monopoly capitalism has sought to counteract the negative consequences of overaccumulation and high wages therein by industrialising the neocolonial nations in its own interests. Capitalist imperialism has created relatively advanced productive forces in the export sector of the peripheral capitalist economy while ensuring that domestic industries there remain backward. As such, low-skill mass production

facilities are primarily situated in low-wage and non-unionised parts of the world, whereas the high-level complex planning facilities of the production process and outlets for merchant capital are mainly situated in the imperialist heartlands.[315]

The advent of the newly fashioned microchip in 1971 marked the beginning of a third industrial revolution based on cybernetics and a new age of capital accumulation.[316] This new technology ensured that employment of the metropolitan industrial workforce was increasingly unprofitable. Comparatively labour-intensive employment was relocated to the Third World by the end of the 1970s—particularly since the marketisation of China's socialist industry and the neoliberalisation of *dirigist* Indian agriculture—while capital-intensive employment remained grounded in the First World. The economic conditions for the production of information technologies (computers, robots, electronic components of all kinds and the wages of skilled intellectual workers) lie in the ongoing historical accumulation of surplus-value extracted in the industrial peripheries of capitalism, where profiteering depends upon instituting the most exploitative working conditions possible:

> To posit the source of wealth in post-al societies [that is, post-modern, post-industrial, post-structural, etc.—ZC] as "knowledge" rather than "labor" and the source of reality as "images" produced through new configurations of knowledges (cyber-information) means that scattered hegemonies and post-class negotiations—not class struggle—are seen as the source of social change in these societies. Revolution is dead: capitalism is emancipated from labor. However, Bell, Lyotard and other theorists are able to put forth "knowledge"/"information" as the source of wealth only by means of a violent idealism that represses the material conditions of the production of knowledge/information. They see the "images" on TV's and VCR's; listen to the music on the latest CD's, and conclude that the real is being transformed by mediated information. But they bracket the historical fact that these images are constructed and then transmitted by material means (TV sets,

> VCR players, CD players, cables, satellite dishes …) “produced” by the “labor” of workers—the source of whose labor power has in turn been produced by labor. They take the “theoretical” knowledge constructed in laboratories but bracket the material conditions of production of these knowledges: not only are the very instruments of experimentation (which lead to theoretical formulations) “produced” by “labor” but the conditions of possibility of the “experiment” itself (as a science event) are provided by the labor of generations of workers. The buildings in which scientists undertake their work are constructed by “labor”; their food, clothes, cars, telephones, computers … are all “produced” by labor.[317]

The extent to which the populations of the metropolitan capitalist nations are unconcerned with international democratic control of the means of production and social wealth in general (the material basis for a more humane distribution of rational, empathetic and cooperative social sensibilities) is directly related to the manner in which they are employed as workers outside of the direct confrontation between the capitalist class proper and the class of exploited labour. Sociologist Grant Kester writes:

> With the transition to a postindustrial economy, the social costs of the capitalist system haven’t been eliminated, they have simply been relocated. The international division of labour under postfordism has the effect of partially displacing class divisions that were previously experienced in the industrial city—between city and suburb, middle class and working class—into spatial divisions between “First” and “Third” world [see Henderson 1989]. Violent clashes between capital and labor, between steel workers or electronics assemblers and factory owners, are now less likely to take place in downtown Detroit or Pittsburgh, than in South Korea or Sri Lanka—countries with strong anti-union policies and close relations with American industry, countries in which the cost of reproducing (and policing) a labor force is far lower than in the United States. All the associated processes of “organizational and

> technical restructuring" and offshore sourcing, of sanitized "global cities" and isolated Mexican *maquiladoras* work to insulate the beneficiaries of post-industrial capitalism from the social costs that this system inflicts on those countries that function as the labor pools for the postfordist economy.[318]

The employment of *national majorities* in unproductive labour is sustained by terrific growth in the productivity of advanced technology and imperialism's effective denial of its ownership by subject and superexploited populations ruled by a comprador bourgeois elite. According to Marx:

> The extraordinary productiveness of modern industry, *accompanied as it is by both a more extensive and more intense exploitation of labour-power in all other spheres of production*, allows of the unproductive employment of a larger and larger part of the working class, and the consequent reproduction, on a constantly expanding scale, of the ancient domestic slaves under the name of a servant class, including men-servants, women-servants, and lackeys, etc.[319] (my emphasis)

As superexploitation has become central to the operation of the global capitalist economy, the size of the productive workforce in the core nations has diminished and the consumer and service sectors of the economy have expanded. This phenomenon can be witnessed in Britain as far back as 1815, where between then and 1901 the absolute numbers of workers in basic industries remained static whilst the total population almost doubled, entailing a decline in the proportion of these workers from 23% to 15% of the total British population.[320] Politically, workers with a material stake in the postindustrial economy constitute a rampart of First Worldism within the global working class.

Superexploitation continues to afford the average labourer in First World countries an income greater than the value of his labour (see Part II of the present work). The combination of the level of unproductive labour

in the First World with the sheer exorbitance of First World super-wages—not including transfer payments and job benefits accruing to large sections of the First World working class through such things as paid vacations, health care insurance and retirement benefits, or the social infrastructure (roads, safety regulations, emergency services, etc.) which it can avail of—suggests that social chauvinism occasioned by the bribery of an organised labour movement endures in new, more insidious but more spectacular forms. This is so even in the relative absence of a social democratic challenge to the unfettered domination of the *haute bourgeoisie* (a situation arising from the implementation of neoliberalism at the end of the 1970s that is now becoming more acute).

The Labour Aristocracy, Racism and Immigration

Racism provides the unspoken ideological rationale for global imperialism, within which white supremacy is informally institutionalised. Racial hierarchy persists today and correlates with global and national systems of stratification and inequality, disparities in labour conditions and wage rates, and differential access to democratic and communicative media and life opportunities.[321] Racism and the division of the world's populace according to colour continues to be a strategic organising principle, both ideologically and unconsciously, of the new global order. People of European descent are increasingly the most favoured beneficiaries of the dwindling resources of a capitalist economy founded upon global monopolies of production. This serves to confirm the perception that "you are rich because you are white [and] you are white because you are rich,"[322] the empirical validity of which, as Fanon insists, is a pertinent measure of human alienation.

The imperialist racial and gender hierarchies upon which national chauvinism is positioned are de- and re-constructed by global imperialism.

> Overall, several global developments have helped to reconfigure old patterns of ethnic relations and create new forms of racial privilege and politics. These include: economic restructuring in the West, including the demise of heavy industries, the rise of the new

> technologies, and the expansion of old and new service industries; the growth in significance of transnational and multinational operations; the emergence of new global divisions of labour and, finally, the rise of international agencies and global economic blocs, all of which have served to transform "national" production forms and processes and their corresponding social relations. These relations have been racialised in a number of ways; the role assigned to migrant labour in the new service economy; the shift of production sites from inner city areas, where migrant communities have traditionally resided, to greenfield (high-technology) sites, where they traditionally have not, and finally internal patterns of migration within the Third World and the use of female labour in the production of microchips and the manufacture of designer sportswear.[323]

Whilst "racial" awareness can potentially forestall the socialist development of the national liberation struggle by covering the opportunism of the oppressed national bourgeoisie with a radical veneer, it is deeply ingrained in the working class of the developed countries. The latter is far from merely a passive observer of its elevated social status. Social chauvinism extends into the heart of the metropolitan areas in so far as the victims of imperialism come to reside therein. In these circumstances, naked *racism* and racist repression preserve social imperialism more effectively than does social democracy:

> Whenever there is confrontation between a metropolitan labour aristocracy and those superexploited by "its" ruling class—in more obvious terms, whenever colonial people live directly in the midst of their own superexploiters—Social Democracy is replaced by open chauvinism which, in *this* situation, becomes the *form* of class collaboration ensuring the continuous influx of super-profits to the metropolis. This phenomenon is most clearly visible when the superexploited are black, in which case "chauvinism" is expressed as outright *color* racism. The latter case embraces a large segment

> of world superexploited and heavily influences the ideological approach toward the rest.[324]

An exemplary instance of the social democratic state providing "substantive support"[325] in securing the conditions for the reproduction of capital is the organisation of labour migration in countries where the "reserve army of labour," that is, the unemployed, was in short supply in the period after the Second World War.[326] It is vital to understand that the benefits of exploiting immigrant labour are not confined either to the capitalists who directly employ it, or to certain "fractions" of capital. *All* capitalists benefit from the exploitation of immigrant labour. As Marx wrote: "In each particular sphere of production the individual capitalist, as well as the capitalists as a whole, take direct part in the exploitation of the total working class by the totality of capital and in the degree of that exploitation, not only out of general class sympathy, but also for direct economic reasons."[327] Thus, after the Second World War, whilst encouraged to advance *overall* capital development in Western Europe, immigrant labour tended to find itself confined to particular sectors of industry—principally, old labour-intensive sectors which the expansion of the service sector and high-technology manufacturing were tending to render unprofitable.[328] In sum, "migrant workers were recruited mainly, but not exclusively, for semi- and un-skilled manual work in sectors vacated by indigenous workers."[329]

Whilst employment in UK manufacturing fell from the 1960s into the 1970s, the amount of *immigrant* labour employed therein increased dramatically.[330] British capital in the 1960s and early 1970s required a labour force that could be highly exploited in terms of working conditions and wages, particularly in the ailing textiles industry in the North West and the metal foundries of the Midlands. These employed Asian labour (and to a lesser extent West Indian labour) working round-the-clock shifts which native workers were less prepared to work. Trade unions were content with this trend since the best jobs on day-shift were protected for their mainly white membership. Migrant labour tends to be recruited for jobs that white workers look askance at, and where particular sections of capital are

unwilling to modernise their plant in favour of finding other ways of keeping it operating profitably.

Imperialism takes advantage of immigrant labour so as to help maintain its profit rates in several ways.[331] First of all, immigrant workers provide cheap labour to do the worst jobs; secondly, their precarious position enables the expansion of shift working; thirdly, they reduce the cost of public and social services; finally, since all the costs of raising and training foreign-born workers are borne by their country of origin, immigrant labour makes lower demands on social services. For all these reasons, imperialism needs to maintain immigrant labour as a special and oppressed stratum within the working class.

At present, immigrants and ethnic minorities are overwhelmingly recruited to the lowest-paid service sector jobs, an enormous source of profits to their employers and to the government.[332] Racist discrimination by employers, policy-makers, local councils and privileged workers can be seen as providing a political prerequisite for the division of labour actuated in the capital accumulation process itself. The persistent racial gap in employment, life opportunities and income is fundamentally reproduced by institutional economic discrimination according to occupational placement and labour market segmentation in the interests of imperialist capital accumulation. The political management of so-called "race relations"[333] is a system by which the metropolitan capitalist governments ensure that the national supremacy conducive to materially and ideologically fostering social chauvinism and political conservatism in the broader population is developed. As Greek economist Marios Nikolinakos has written:

> The migratory mechanism of late capitalism in Western Europe is supported by an institutionalised system of discrimination which is anchored in legislation regarding foreigners and in inter-state agreement … Discrimination raises the rate of exploitation. Capital succeeds in maximising surplus-value through dividing the working class and granting privileges to a section of it.[334]

The metropolitan capitalist governments institute a whole range of legislation designed to constrain the non-native and non-white working class within the lowest and most oppressed sectors of society, in employment, housing, and the penal system. In Britain, according to the Department for Work and Pensions' Family Resources Survey 2000–2001, families with a Pakistani or Bangladeshi background are much more likely than other groups to be living on low incomes, with almost 60% of the 1 million people in this group living in low-income households. According to the Annual Local Area Labour Force Survey 2001–2002 issued by the British Office for National Statistics, meanwhile, 27% of black Caribbean men aged 16–24 are unemployed, whilst for Bangladeshi men in the same age range the jobless rate is over 40%. Young black African men, Pakistanis and those belonging to the "Mixed" group also have very high unemployment rates ranging from 25% to 31%. The comparable unemployment rate for young white men is 12%. Pathak provides further recent data on the overwhelmingly lower working-class character of ethnic minority groups in Britain as compared to its "white" population.[335] British author Arun Kundnani provides an excellent account of how, following the collapse of local industry and employment in the Oldham and Bradford areas of Northern England in the 1980s, discriminatory local housing policies favouring that section of the white population who could not afford to move to the suburbs created a racially segregated urban space wherein racist violence by the state and white workers against the predominantly working-class Asian community proliferated.[336]

It is in this light that the most visible state racism today must be viewed. The implementation of draconian and inhuman laws[337] applying to those increasingly large masses of the world's populace who find themselves the victims of economic, military, and environmental devastation—namely, immigrants—are measures aimed at shoring up global profit rates and the national unity of the imperialist countries. The almost universal opposition in the First World to immigrant rights testifies to the common interest shared by all dominant classes therein in the maintenance of a captive colonial labour market. Labour aristocratic

discrimination, violence and antipathy towards immigrant populations (even second, third or fourth generation ones) in the First World and non-white workers in the settler nations is the product of deep-seated and extensive training and social *habitus*.[338] Racist consciousness and practice has helped secure bourgeois social status for First World workers over the course of four centuries of capitalist ascendancy.

Today, the attitudes of the populations of the First World towards the lives of people in the Third World range from relatively benign pity, ironic indifference and willful ignorance; to negative stereotypy—a willingness to believe anything bad that is said about a particular Third World people or their putative "culture" and a refusal to relate privilege in the First World to oppression in the Third World—through to contempt, disdain and outright, outspoken and violent hatred. Thus, there is a common popular propensity in the First World to accept and/or champion imperialism and corporatism and to effect a blasé disregard for the painful reality of superexploitation. The national-chauvinism, parochial jingoism and racism of the First World working class is not the product of false class consciousness; working-class conservatism in the imperialist countries is not so much the product of "traditional deference," but of *global preference*. It is the end product of a long and violent process wherein the economic and political privileges of living in an imperialist nation have come to seem natural and acceptable to the First World citizenry, as relative winners in the global class struggle.

Having established that the global split in the working class is the product of imperialism, it is now necessary to measure the extent of that divide by means of empirical investigation and by operationalising those concepts which reveal the mechanics of global value-transfer.

NOTES TO PART I

[1] Merton 1968.

[2] Thus Galtung argues that there is “(1) harmony of interest between the center in the Center nation and the center in the Periphery nation, (2) there is more disharmony of interest within the Periphery nation than within the Center nations, (3) there is disharmony of interest between the periphery in the Center nation and the periphery in the Periphery nation.” (Galtung 1971, p. 83).

[3] Barratt Brown 1974, pp. 117, 133.

[4] Amin 1977, pp. 103–4; Magdoff 1978, pp. 118–20.

[5] The imperialist phase of capitalism can be further subdivided (into early, social democratic and neoliberal phases) as, doubtless, can the others. By postulating “stages” of capital accumulation we do not mean to suggest that their respective contours or features are historically unique, that they entail a necessary element of transitional planning, or that they are chronologically preordained. In fact, capitalism has always been monopolistic and competitive, nationalistic and globalizing (Beaud, 1984, p. 42). Nonetheless, it is possible to isolate certain economic characteristics as typical of historical “stages” of capitalist development and locate prevailing ideological trends within.

[6] Barratt Brown 1974, p. 96.

[7] Beaud 1984, pp. 18–19.

[8] Stannard 1992.

[9] The quadrilateral slave trade provided outlets for Western European manufactures, that is, ironware, textiles, arms and ammunition especially from Liverpool, Plymouth, Bristol and London in England. These were sold to African notables in return for slaves (of whom around 15 million were shipped from Africa to the colonies between 1700 and 1850), subsequently shipped to the Caribbean islands to produce tobacco, sugar, indigo, molasses and, later, raw cotton. These were then shipped to New England (New York and Boston), from where they were shipped to England to enter into its manufactures as raw materials. New England thereby developed into a core mercantile, then manufacturing, then imperialist region of world

capitalism precisely on the back of African, West Indian and Southern US slavery and slave trading.

[10] Frank 1979, pp. 11–24.

[11] Blaut 1992, pp. 37–8.

[12] Amin 1980, pp. 90–1.

[13] Albritton 1991; 2009.

[14] Frank 1979, p. 8.

[15] Elsenhans 1983.

[16] In the 1760s, India provided England £2 million in tribute annually, or just under a third of her total capital investment (Barratt Brown 1974, p. 82). By the end of that century, British capital raised in India was 9% of total GNP, where capital raised domestically was 7% (Sau 1978, p. 42).

[17] Wolf 1982, p. 265.

[18] Frank 1978, pp. 54–64; Allen 2009; Elsenhans 1983.

[19] While the effects of the Plague, rising demand for labour (and, hence, wages) and peasant revolts had pressured the English ruling class to open up their estates, Wolf (1982, p. 269) argues that the English peasantry did not obtain freeholding land rights with the abolition of serfdom at the end of the 14th century. Rather, increasingly commercialist English landlords soon thereafter began to convert peasant lands held by custom into leaseholds whereby title to land was given to those able to profit from their larger holdings, particularly in the grain farming areas. In areas where agriculture was poor and livestock husbandry predominated, the impoverished peasantry sought alternative employment and turned to cottage industry and wage labour to supplement their incomes (like the rest of Western Europe, capitalism was largely concentrated in and around towns rather than the countryside). This proletarianisation of the peasantry gave English merchants added strength, providing extra impetus for the early bourgeoisification of the English state in the 17th century and,

consequently, to the first experiment in settler capitalism, the plantation of Ireland in the same period.

[20] Elsenhans 1983.

[21] Dobb 1946, p. 209.

[22] Mandel 1974, p. 443.

[23] Blaut 1992. See also Wolf 1982, p. 267 and Amin 1977, p. 105.

[24] Brenner 1976; 1977.

[25] Blaut 1994.

[26] Blaut 1987, p. 30.

[27] Marx 1977*a*, p. 703.

[28] Jaffe 1980, p. 99.

[29] Ibid., p. 5.

[30] Jaffe 1980, p. 16.

[31] Ibid., p. 99.

[32] Selfa 2002.

[33] Blackburn 1997. Cf. Williams 1964.

[34] Jaffe 1980, pp. 111–112. The formula he uses is $S = Pr$, where S is surplus-value; P the cost of slave capital; and r the rate of profit ($S / V + C + P$, that is, surplus-value produced by slaves divided by the cost of the slave's annual maintenance—including the cost of buying or kidnapping the slave—and the maintenance of machinery, stores, etc.). The figures he gives are S = \$5,000 × 50% = \$2,500 with a ratio S / V of 2,500 / 100 = 25.

[35] Jaffe 1980, p. 12.

[36] Ibid., p. 19.

[37] Ibid., pp. 19–20.

[38] Ibid., p. 20.

[39] Ibid., p. 48.

[40] Bayly 2004, pp. 52–5.

[41] Jaffe 1980, p. 49.

[42] Marx and Engels 1962, p. 62.

[43] Huberman 1945, pp. 54–65; Chang 2003.

[44] Brown and Miles 2003, pp. 146–7; cf. Balibar 1996, p. 134.

[45] Far from being the product of unremitting “feudal” decadence, the Iberian Peninsula’s fall into semi-peripheral status by the 17th century was, arguably, caused precisely by its fast-paced capitalist agricultural development in the previous century. The earlier profitability of capitalism resulted in ever-larger tracts of Spanish land being converted into arable fields and thus undermined the ecological sustainability of agriculture. Specifically, “the ploughing up, sowing and cultivation of woodland, scrub and pasture reduced the area of permanent grazing, and necessarily also reduced the number of cattle and sheep maintained in each village in line with the loss of feed.” (Anes 1994). Problems of deforestation and soil erosion continue to plague capitalist agriculture today, where short-term profits are put ahead of rational environmental and agricultural practices. An estimated 100,000 square kilometres is removed from further agricultural use every year (Albritton 2009, p. 157) because of over-intensive monoculture, soil compaction, the “chemicalisation” of the land and salination, the overuse of arable land for non-food crops such as tobacco and ethanol and strains on the supply of water for irrigation due to the demands of the “the industrial-grain-livestock complex.” (Weis 2007)

[46] Kay 1973.

[47] Bayly 2004, pp. 65–6.

[48] During the French Revolution (1789–1799), this alliance proved to be a revolutionary one in the face of the implacable opposition of unreconstructed landed property. Fifty years later, it became reactionary in the face of French proletarian militancy.

[49] Bukharin 1973, p. 38. While colonialist agricultural production accelerates capital accumulation in the core economies, it forestalls it in the periphery. The export of primary produce by oppressed Third World countries causes ever-diminishing local consumption of food and monocultural export economies are continually forced to lower prices to compete in domestic markets limited by the purchasing power of the workforce. Monopolistic First World agriculture advocates "free trade" to the exploited nations whilst simultaneously setting up trade barriers and heavy subsidisation of its own produce (around 60% of the total value of OECD agricultural production in 1999), thus enabling it to maintain a leading position on the world market.

[50] Robinson 1983, p. 23.

[51] Ibid., pp. 24–8.

[52] See Weber (1977) for an interesting discussion of cultural nationalism in France. It should be noted that even within classical national capitalist state formations such as France, the unevenness of capitalist development tended towards a less-than-inclusive sense of nationality, domestically directed against the more "backward" sections of the agrarian populace and peripheral Brittany and Corsica.

[53] Aronson 1992, p. 48.

[54] The Union of the Russian Peoples, otherwise known as the Black Hundreds, widely distributed a statement in 1917 reading: "The efforts to replace the autocracy of the divinely appointed Tsar by a constitution and a parliament are inspired by those bloodsuckers, the Jews … All the evil, all the misfortune of our country comes from the Jews" (Cohn 1970, pp. 120–1). Around the same time, Winston Churchill was also of the opinion that "decent" Jews had a special responsibility to oppose the rising tide of Bolshevism.

[55] Bottigheimer 1967, pp. 64–6.

[56] Quoted in Jackson 1991, p. 52.

[57] Hechter 1999, pp. 103–4.

[58] Canny 2003.

[59] Allen 1994, pp. 52–71.

[60] O'Hearn 2001, p. 41.

[61] Strauss 1951, p. 11. By the mid-eighteenth century, Jonathan Swift claimed that up to one third of Irish produce was being sent out of the country annually in the form of rent payments to English proprietors, an estimate which Strauss deems "not unprobable."

[62] Morton 1938, p. 253.

[63] O'Donovan 1940, p. 73.

[64] Jones 1981.

[65] Patnaik 2007.

[66] Ibid., p. 25.

[67] Quoted in Gallagher 1995.

[68] Beaud 1984, p. 30, with data compiled from Mathias 1970, p. 24.

[69] Lambert, no date.

[70] In 1675, British labourers were able to purchase 3.5 times their subsistence, measured by Allen as a standard of living of 1940 calories per adult male equivalent per day (Allen 2009*a*). The budget Allen (ibid.) uses to define the consumer price index is "set so that most of the spending is on food and most of that is on the cheapest carbohydrate available (oatmeal in northwestern Europe, polenta in Florence, sorghum in Beijing, millet chapatis in Delhi). Only tiny quantities of meat, oil, cloth, fuel, and housing are included in the budget." According to Lambert (no date *a*), however, at the end of the 17th century, a writer estimated that 50% of English people could afford to eat meat every day, whilst a further 30% of English people could afford meat two to six times per week. The bottom fifth of the population could afford meat only once a week and often had to rely on

poor relief. Meanwhile, by 1688, 80% of Irish land was owned by English and Scottish Protestant settlers and absentee landlords (Cronin 1980, p. 9), while over two-thirds of the good arable and meadow land was owned by less than one sixth of the total population, the large-owning minority being almost exclusively Protestants (Jackson 1991, p. 79). In the 1670s, Sir William Petty estimated that six out of seven of the Irish people lived at subsistence level, growing their own food, weaving their own clothes, paying their rent in kind rather than cash, and bartering for necessary items such as salt (Ross 2005, p. 157).

[71] Houston (1995, p. 18) estimates the Irish population as 2 million in 1687.

[72] Beaud 1984, p. 30.

[73] Harris 1990, p. 34.

[74] O'Siochrú 2008, p. 64.

[75] Jackson 1991.

[76] Carlin 1987; O'Siochrú 2008, p. 64.

[77] Carlin 1987.

[78] Ibid.

[79] O'Siochrú 2008, p. 64.

[80] Balibar 1991, p. 93.

[81] Hechter 1999. The English Pale was that part of Ireland, concentrated around County Dublin, which was under direct English government control in the later Middle Ages. The popular phrase "beyond the Pale" refers to behaviour that is uncivilised or undignified.

[82] Strauss 1951, p. 121.

[83] Christie 1986, p. 216.

[84] Wells 1996.

[85] Christie 1986, pp. 154–5.

[86] Dickinson 1994, p. 33.

[87] O'Gorman 1997.

[88] According to http://www.historyhome.co.uk/c-eight/constitu/election.htm by 1833, 1 in 5 adult males in England and Wales were entitled to vote, whilst only 1 in 20 adult males in Ireland were.

[89] Hill 1972.

[90] Sarkisyanz 2003, p. 73.

[91] Ibid., p. 87.

[92] Colley 1994, p. 23.

[93] Gregg 1982, p. 86.

[94] Harvey 1998, p. 57.

[95] Bukharin 1973, p. 169.

[96] Wallerstein 1974, p. 118.

[97] Gibbon 1975, p. 132.

[98] Randall and Charlesworth 1996, pp. 6–13.

[99] Connolly 1987, p. 194.

[100] Crafts and Mills 1994, pp. 176–194. According to Evans (1996, p. 424) and Lindert and Williamson (1983, pp. 13, 24), English adult male full-time workers' earnings rose for farm labourers, skilled workers, manual workers and clerical workers between 1781 and 1851.

[101] Allen 1994.

[102] Balibar 1991*a*, p. 38.

[103] Churchill 1997.

[104] Tatz 1999, 2000.

[105] Albritton 1991; 2009.

[106] Barratt Brown 1974, p. 57.

[107] Gallagher and Robinson 1953.

[108] Stavrianos 1981, p. 174.

[109] Jaffe 1980, p. 25.

[110] Adi 2007.

[111] Ashworth (1995) suggests that opposition to slavery in the United States itself was fuelled by the industrial interests of the North-Eastern "lords of the loom" opposing those of the quasi-feudal slaveholding system of the Southern "lords of the lash." Ashworth echoes the view of Genovese (1989) that slavery was an economically inefficient institution that impeded the growth of industry, retarded urbanisation, and inhibited technological innovation. Sakai (2014), however, argues persuasively that the abolition of slavery was a consequence of an expanding capitalist system's not wishing to import increasing masses of potentially rebellious Africans. Both Peery (2002, pp. 46–58) and Rubinson (1978) iterate how the system of slavery in America was abolished because of the economic conflict between the Northern industrialists (whose capital had originally developed through facilitating slave production and trade in slave produce) and the Southern slaveholders. The slaveholding South had strong ties to the British Empire, and its wealth depended upon increasing trade with that empire. By contrast, the industrialists of the Northern American states were eager to impose tariffs and protectionist measures so as to build canals, harbours, railroads and more productive technology. Thus, capitalist ties with imperialist Britain (curtailed, but not abolished, in the 1776 War of Independence) were at the fore of the struggle between the Unionist Northern American states and the Confederate Southern states. The abolition of slavery itself was an unintentional consequence of the Civil War, and was a Northern Unionist strategy for the destruction of Southern slaveocrat imperialism.

[112] Jaffe 1980, p. 29.

[113] Ibid., pp. 24–5.

[114] Ibid., p. 23.

[115] Ibid., p. 24.

[116] Stavrianos 1981, p. 169.

[117] Ibid., p. 175.

[118] Dutt 1940, p. 104.

[119] Barratt Brown 1974, p. 127.

[120] Mandel 1962, p. 445.

[121] Sheridan 1974, p. 475.

[122] Bagchi 1972, p. 1561.

[123] Stavrianos 1981, p. 171.

[124] Barratt Brown 1974, pp. 133–138.

[125] Marx 1973*a*, pp. 307–16.

[126] Barratt Brown 1974, pp. 159, 165.

[127] Bayly 2004, p. 119.

[128] Quoted in O'Connor 1974, p. 167.

[129] O'Connor 1974, p. 167

[130] Elsenhans 1983.

[131] Amin 1980, p. 134.

[132] Sakai quotes the findings of historian Main (1965, pp. 66–7), stating that the class composition of settler America at the time of the 1775 War of Independence was "80% bourgeois and petty-bourgeois (10% Capitalists, Great Planters, large merchants, etc.; 20% Large farmers, professionals, tradesmen and other upper-middle elements; 40% Small land-owning farmers; 10% Artisans, blacksmiths, coopers, carpenters, shipwrights, etc.)" (Sakai 2014, p. 19)

[133] Less than half of European emigrants went to the United States, with others going to Canada, Argentina, Brazil, New Zealand and Australia (the latter settled so as to provide a base for military protection of British colonial interests in India).

[134] Bayly 2004, p. 133.

[135] Boggs 1970, pp. 150–152.

[136] Sakai 2014, pp. 66–67.

[137] Allen 1994; Roediger 2008.

[138] Quoted in Mills 1997, pp. 24–5.

[139] Acuna 1999.

[140] Chan 1991; Bonacich 1984; Wing 2005.

[141] Haywood 1948, p. 137.

[142] Allen 1936.

[143] Wacquant (2002) considers that the strategy of the criminalization and mass incarceration of Black people, one decidedly in keeping with the political sentiment of the US majority, has replaced ghettoisation (and before that slavery, 1619–1865, and Jim Crow segregation, 1865–1965) as a means of organizing white supremacy in the United States. Since Blacks are structurally marginalized (by their lack of "marketable cultural capital," that is, access to the same educational and employment opportunities as whites) within a domestic economy based on service sector employment, the most deprived resist by escaping into the illegal street economy and bear the brunt of racist penal policies. The system of incarceration in the USA today serves to "warehouse" those members of the Black working class who bear the brunt of unemployment and ghettoisation resulting from white racism in the education system, employer discrimination, competition from immigrants, and/or refusal to work in the peripheral sectors of the service economy at jobs designated as suitable mainly or only for the non-white population. At the same time, pressures to reduce the federal "carceral bill" by means of the privatization of prison-based enterprises is a further

incentive towards the extended incarceration of the relatively poor Black population (Wacquant 2002). The election of Barack Obama as US President clearly does not in itself demonstrate, then, that white supremacy is a spent force in American life. Paradoxically, it may signal that many Blacks and other minorities in the US have come to achieve a strong stake in an imperialist society wherein white privilege continues to be structurally embedded.

[144] Davies 1973.

[145] Ibid., p. 45.

[146] Kiernan 1969.

[147] Carlyle 1849.

[148] Ernst 1980, p. 454.

[149] Baran and Sweezy 1966, p. 246.

[150] Kane 2006.

[151] Marlowe 2011.

[152] Allen 1994, p. 1.

[153] Miles 1987, p. 188.

[154] Brown and Miles 2003, p. 129.

[155] Quoted in Beaud 1984, p. 92.

[156] On the extraordinary poverty accompanying the industrial revolution as it proceeded in 18th and early 19th century Britain see Hammond (1930, pp. 224–5) and Hobsbawm (1964, pp. 64–104).

[157] Daly 1996.

[158] Chomsky and Herman 1979; Chomsky 1988, 1991, 1993.

[159] Blunt 1923, pp. 375–376.

[160] The term “organic composition of capital” refers to the ratio between variable and constant (production becomes more constant, or capital-

intensive) capital, that is, to the amount of value-creating labour-power against technology and raw materials utilised in the labour process.

[161] Marx 1973, pp. 746–8.

[162] Profit is the unpaid labour-time of the worker appropriated by the capitalist as measured against total capital invested. In bourgeois accounting terms, it is the excess of sales revenue over the cost of producing the goods sold.

[163] Barratt Brown 1974, p. 182.

[164] Nabudere 1979, p. 21.

[165] Stavrianos 1981, p. 259.

[166] Bayly 2004, p. 231.

[167] Ibid., pp. 229–30.

[168] Bagchi 1972, pp. 15–65.

[169] Allen 1936, pp. 130–1.

[170] Li 2008, pp. 5–8; Stavrianos 1981, pp. 205–14, 309–32.

[171] *Lagos Observer*, February 19, 1885, cited in Ajayi (1969, p. 507*n*); cf. Lauren (1996, p. 48).

[172] The criterion set up by the conference for official recognition of a country's colonial claims—that of effective occupation—entailed a heavier colonial involvement than German Chancellor Otto von Bismarck had originally intended, "with attendant expenses that threatened his entire colonial scheme." (Smith 1978, p. 39)

[173] O'Connor 1974, p. 162.

[174] Emmanuel 1986, p. 91.

[175] Grossman 1970, p. 300.

[176] Barratt Brown 1974, p. 61.

[177] Grossman 1992.

[178] Kuhn 2006, p. 3.

[179] Grossman 1970, pp. 466–7 quoted in Kuhn 2006, p. 5.

[180] Grossman 1992, pp. 194, 197.

[181] Lenin 1970, pp. 72–9; Berberoglu 1987, pp. 13–24.

[182] Imperialist capital export between 1874 and 1914 did not consist primarily of investment overseas by monopolistic industrial combines, but of bank loans to governments or mixed public-private enterprises to provide the infrastructure necessary to support privileged access to markets and sources of raw materials and a “favourable climate” for private investments in the extractive, commercial and manufacturing activities of large companies (Barratt Brown 1974, p. 174).

[183] See Emmanuel 1986 and Olle and Schoeller 1982. Britain, for example, whose net annual foreign investment between 1870 and 1914 was a then unprecedented one-third of its capital accumulation and 15% of the total wealth of its Empire, invested 34% of its foreign capital in North America, 17% in South America, 14% in Asia, 13% in Europe, 11% in Australia and 11% in Africa (Hehn 2002, p. 135, citing Edelstein 1981, pp. 70–72).

[184] Frank 1979, p. 190.

[185] Woytinsky and Woytinsky 1955, p. 199.

[186] Frank 1979, pp. 192–3.

[187] Clough 1992, pp. 94–5.

[188] Fieldhouse 1984, pp. 96–9. Cf. Clough 1992, pp. 94–6.

[189] Gupta 1975, pp. 3–4.

[190] Lenin 1969, p. 64.

[191] Ibid., p. 65.

[192] Marx and Engels 1955, p. 132

[193] Engels quoted in Lenin 1969, p. 65.

[194] Lenin 1964, pp. 105–20.

[195] Lenin 1972.

[196] Engels 1977.

[197] Anderson and Cavanagh 2000.

[198] See also Hirst and Thompson (1996) on the massive concentration of corporate wealth in the imperialist countries.

[199] Spero and Hart 2010, pp. 135–6.

[200] Edwards 1978, p. 71.

[201] The phrase “social imperialism” seems first to have been used in autumn 1914 by Leon Trotsky, who wrote that “Social reformism has become converted in practice into social imperialism” (Deutscher 1964, p. 78). According to Eley (1976, p. 265ff), Semmel (1960, p. 14) wrongly attributes the term to Karl Renner in 1917. The exact authorship would require painstaking verification, though its equivalent “social patriotism” can already be found in Rosa Luxemburg’s (1970, pp. 37–51) early writings. In any case, by 1916 Lenin was regularly using the term “social imperialism” and brought it widespread currency.

[202] Neumann 1943, pp. 153–5.

[203] Lenin 1974.

[204] Davis 1989, p. 191.

[205] Webb 1948, pp. 104–5.

[206] Rosebery 1921, pp. 250–1.

[207] Rosebery 1902, pp. 3–4.

[208] Barratt Brown 1974, p. 163.

[209] Pearson 1905, pp. 47–8.

[210] Pearson 1897, p. 111.

[211] Shaw 1900, p. 2.

[212] Shaw 1930, p. 15.

[213] Wolf 1982.

[214] Lenin 1972*a*, pp. 75–81.

[215] Quoted in Clough 1992, p. 41.

[216] Krooth 1980.

[217] Edwards 1978, pp. 31–5.

[218] Hochschild 1999.

[219] Sassoon 1997, p. 43.

[220] Ibid., p. 31.

[221] Renton et al. 2007, p. 46.

[222] Gray 1981, pp. 54–5.

[223] DeLeon 1930.

[224] Communist Working Group 1986, pp. 156–170.

[225] Elbaum and Seltzer 1982, p. 69.

[226] Du Bois 1977, p. 16.

[227] Bonnett 1998, pp. 323–327.

[228] Ibid., p. 318.

[229] See Davis (1993, pp. 61–78, 90–103, 202–211) on the racism of the British labour movement in the decades before and after the First World War.

[230] Bonnett 1998, p. 329.

[231] Ibid.

[232] Du Bois 1996.

[233] Elbaum and Selzer 1982. Kolko (1963, pp. 279–85) shows how the welfarist policies of the American New Deal were largely supported, and

even promoted, by big business in that country. The policies themselves did not seriously conflict with the interests of monopoly capital in the United States in the first half of the 20th century, which sought to protectively harness the capital of the (otherwise uncompetitive) petty bourgeoisie in a drive for increased national productivity.

[234] Stavrianos 1981, p. 262.

[235] Walvin 1997, pp. 14–15.

[236] Ibid., p. 32.

[237] Ibid., p. 119.

[238] Diamond 2006; Mackenzie 1987; Schneider 1982.

[239] Veblen quoted in Heilbroner 1980, pp. 230–1.

[240] Stavrianos 1981, pp. 266–7.

[241] Ibid., pp. 266–267; Sternberg 1951, p. 27; Broadberry and Burhop 2009; Allen 2003, p. 37.

[242] Broadberry and Burhop 2009.

[243] See "Measuring Worth: Exchange Rates between the United States Dollar and Forty-one Currencies," online: http://www.measuringworth.org/datasets/exchangeglobal/

[244] See "Russian Ruble," online: http://en.wikipedia.org/wiki/Russian_Ruble

[245] Allen 2003, pp. 38–42.

[246] Ibid., p. 37.

[247] Bernstein 1961.

[248] Kemp 1985, p. 191.

[249] Davis 2002, p. 7.

[250] Hochschild 1999.

[251] Michell and Deane 1962, pp. 828–9 and 872–3. Cf. Clough 1992, p. 18.

[252] Patnaik 1999.

[253] Hersh and Voth 2009.

[254] Cope 2014.

[255] Cole and Postgate 1949, pp. 350–1.

[256] Ibid, p. 351.

[257] Ibid, p. 353.

[258] Rothstein 1983, p. 256.

[259]Ibid., p. 259.

[260] Cox and Alm 1999: 14–15.

[261] Ibid., pp. 40–1.

[262] IMF 2007, p. 179.

[263] Smith 2008, pp. 10–11. The IMF made this calculation by deflating nominal wages by the rate of inflation as reported by the official Consumer Price Index (CPI).

[264]*People's Daily*, "'Made-in-China' helps make rich countries richer," August 20, 2005.

[265] Post 2010, p. 16.

[266] Gray 1981, p. 32.

[267] Davis, 1986, pp. 42–3; cf. Strauss 2004*a*.

[268] Gray 1981, p. 23.

[269] Clough 1992, p. 19.

[270] Engels 1977.

[271] Clough 1993.

[272] Nabudere 1979, p. 64.

[273] Hehn 2002, p. 135; cf. Edelstein 1981, pp. 70–72.

[274] Barratt Brown 1974, pp. 133–138.

[275] Elsenhans 1983; cf. Feis 1930, pp. 23, 46, 70; Woodruff 1975, p. 340.

[276] Clough 1993, p. 17. By 1925, the Caribbean, South Africa, Asia and Oceania (furnishing about 73% of colonial produce), produced some 54–60% of all oil seeds, 50% of all textiles, 34–5% of all cereals and other foodstuffs, 100% of rubber, 24–8% of all fertilisers and chemicals and 17% of all cereals alone (an average increase of 137% of 1913 levels of raw material production) (Krooth 1980, pp. 84–5).

[277] Frank 1979, p. 190.

[278] Clough 1992, p. 20.

[279] Frank 1979, pp. 192–3.

[280] Bayly 1971, p. 83.

[281] Teichova 1974; Krooth 1980; Hehn 2002.

[282] Krooth 1980, p. 76. On the political causes of the Second World War as a struggle against socialism in Europe and the Soviet Union, see Finkel and Leibowitz 1998.

[283] Ross and Trachte 1990.

[284] McNally 2011, p. 27.

[285] Pauwels 2002, p. 159.

[286] Lee and Rover 1993, pp. 53–5.

[287] *Voice of Africa*, "Neo-Colonialism," vol. 1, no. 4, April 1961.

[288] Quoted in Barratt Brown 1974, p. 107.

[289] Edwards 1978, p. 83.

[290] Ibid.

[291] Sakai 2014, pp. 135–156.

[292] Amin 2006, p. 79.

[293] Ibid.

[294] Duménil and Lévy 2005, p. 10.

[295] Jaffe 1980, p. 56.

[296] Evans 2011.

[297] Jaffe 1980, p. 52.

[298] Duménil and Lévy 2005, p. 10.

[299] Ibid.

[300] Ibid., p. 15.

[301] Milberg 2004, p. 9.

[302] Gereffi 2005, p. 5.

[303] Howe 1981.

[304] Smith 2007.

[305] Smith 2011.

[306] Ibid.

[307] Wolf 2009.

[308] Smith 2011.

[309] Gowan 2003.

[310] Duménil and Lévy 2005, p. 17.

[311] Ibid., p. 18.

[312] The foreign exchange reserves held by semi-industrial Third World countries have risen over the past fifteen years in tandem with US debt. This phenomenon has to some extent countered the threat of capital flight in these countries, provided space for a macroeconomic approach to expand domestic demand and ameliorated the prior zeal for export-oriented

accumulation. However, if the US trade deficit continues to grow at the same rate as effective demand in the Third World, the result will either be unrelenting depreciation of the US dollar relative to Third World currency appreciation (particularly China's yuan) or a worldwide acceleration of inflation (Li 2008, p. 82).

[313] Petrov 2006.

[314] Liu 2002.

[315] Berberoglu 1987, p. 28.

[316] Davis et al. 1997.

[317] Zavarzadeh 1995, p. 10.

[318] Kester 1993.

[319] Marx 1977*a*, p. 219.

[320] Hehn 2002, p. 137.

[321] Winant 2001.

[322] Fanon 1969, p. 31.

[323] Bhattacharyya et al. 2002, p. 8.

[324] Edwards 1978, p. 259.

[325] Jessop 1982, p. 234.

[326] Miles 1986, p. 50.

[327] Marx 1971, pp. 196–7.

[328] A process contemporaneous and analogous to this incorporation of immigrant labour within core states occurred at the same time at the global level, where a movement of monopoly capital to semi-peripheral areas was predicated upon their labour-intensive development of traditionally core industries with flagging profit rates (Shannon 1996, p. 37).

[329] Miles 1986, pp. 60–1.

[330] Clough writes: “Between 1961 and 1971, whereas employment in manufacturing fell overall by 745,000, the number of people employed in this sector who had been born outside of the UK rose by no less than 272,000” (Clough 1992, p. 158). As immigrant workers moved into positions in the manufacturing industry from the 1960s, white workers were climbing the social ladder into more skilled jobs and into the service sector. The British government’s Unit for Manpower Studies reported: “Analyses by the Department of Applied Economics at Cambridge indicate that though total employment in what they describe as the goods sector of British industry fell by 745,000 between 1961 and 1971, the number of people employed in that sector who had been born outside the UK increased by 272,000. An increase of 317,000 in the number of people born outside the UK who were employed in the services sector accounted for rather less than a third of the total increase in employment in that sector of 1,065,000” (Unit for Manpower Studies 1976, p. 31). Brown and Miles note: “A key part of the explanation [for why black and Asian immigrants tended to occupy low-wage and unskilled manual positions] lies in the fact that these … were vacant as a result of the movement of indigenous labour into ‘new jobs,’ characterised by higher rates of pay and better conditions of work.” (Brown and Miles 2003, p. 131). See also Fevre 1984, pp. 17–54, and Duffield 1985, pp. 144–52)

[331] Williams et al. 1979; Castles and Kosack 1973, pp. 46–48; Wrochno-Stanke 1976; and Power and Hardman 1976, p. 7*n*.

[332] See, for example, *The Independent*, “Amnesty on illegal immigrants is ‘worth £6bn to UK’,” March 31, 2006.

[333] See Sivanandan (1974) for a classic critique and history of the “race” relations management paradigm in Britain.

[334] Nikolinakos 1975, p. 12.

[335] Pathak 2000.

[336] Kundnani 2001.

[337] Amongst which include contract work schemes; food voucher systems; the categorisation of immigrants according to the needs of capital at any given time (highly skilled, skilled, semi-skilled and unskilled); detention centres; inter-state accords for keeping “useless” immigrants out; increased police powers and control orders; and the denial of human rights guaranteed under the Geneva Convention of 1951 (see Bhattacharyya et al. 2002; Flood 1998; Fekete 1997, 1998, 2001; Sivanandan 2001; and Morrison 2001).

[338] Bourdieu 1977.

II. GLOBAL VALUE-TRANSFER AND STRATIFIED LABOUR TODAY

"To tell the workers in the handful of rich countries where life is easier, thanks to imperialist pillage, that they must be afraid of 'too great' impoverishment, is counter-revolutionary."
V.I. Lenin

This section attempts to measure the size and earnings of the labour aristocracy today on the basis of three different methods of calculating uncompensated value transfers from the Third World to the First World. It estimates the surplus value that the workers of the First World consume beyond that which they create and answers in the negative the question posed by Kerswell, namely, *is the labour question the same in the Global South as it is in the Global North*?[1] The section tries to establish with some degree of precision whether or not domestic working class struggle over distribution of the economic surplus within the First World is a complementary vehicle for the advancement of workers' interests in the rest of the world. The latter thesis is widely assumed (rarely is there an attempt at proof) by almost the entire spectrum of left opinion. Considering that no major strand of socialist theory has incorporated a rigorous understanding of imperialist *embourgeoisement* in its *praxis*, the present work is non-partisan in its approach, drawing on analysis provided by thoroughly internationalist (though marginal) strands of Marxism. It provides a constructive challenge to the political left globally, and calls for a radical reappraisal of what it considers the First Worldist[2] strategies characteristic of such.

Abstracting from the reality of institutional discrimination against immigrant and minority ethnic populations bolstering the wage levels and employment opportunities of white workers, the present work argues that in the context of the contemporary capitalist world system and taking the OECD working class as a whole, no *legal* exploitation (that is, in accordance with national minimum wage standards) takes place within First World borders.[3] Establishing the global split in the working class as the product of imperialism, it measures the extent of that divide by means of operationalising those concepts which purport to reveal the mechanics of global value transfer, namely, *unequal exchange* and *capital export imperialism*. This section thus provides an *account* of the superwages[4]—wages supplemented by superprofits—that the First World working class is in receipt of today.

In this section, I have taken pains to make every necessary conservative assumption to the point of favouring the opposite conclusion to the one reached—namely, that there *is* an exploited working class residing in the imperialist countries. Even with these assumptions, however, we are forced to conclude that the First World working class is a labour aristocracy living off the backs of the world's masses. Before proceeding with our investigation, however, we must discuss two related problems presented by the conceptual and empirical framework utilised throughout the section.

Firstly, of necessity, the present section utilizes statistical data that measure the results of transactions in marketplaces, not value-generation in production processes. GDP, or value-added, figures are obtained by subtracting the cost price of a firm, nation or regions' inputs from the proceeds of the sale of its outputs.[5] This equation of value with price ensures that the process of production itself, and the surplus-value arising from it, is rendered invisible, with value seemingly generated largely through the circulation of money. Just as crucially for our present purposes, GDP figures necessarily give the impression that value is added at the intra-national or intra-regional level. However, as Smith argues, value-added must be understood as representing not simply the value that a particular

firm, nation or world region has added, but, rather, its share of the total value created by *all* firms competing within the global economy as a whole.[6] Value-added, then, is not a valid measure of "gross domestic product," since it may rise or decline completely independently of "domestic" labour's share of it. Moreover, as an economic measure, "value-added" is extraneous to the amount of actual "domestic" *production* it purports to quantify.

Smith provides a persuasive critique of what he terms "the GDP illusion," that is, the inability of official business and government statistics to capture the reality of value transfer *between* corporations and nations alike. As he argues, "GDP, which claims to be a measure of the wealth *produced in* a nation, is in reality, a measure of the wealth *captured by* a nation."[7] If GDP were an accurate measure of a nation's product, then the employees in Bermuda, an offshore tax haven boasting the world's highest per capita GDP and producing virtually nothing, are amongst the most productive workers in the world. Unlike much left political economy, then, which is content to repeat only those conclusions provided for in capitalist accounting terms, the present work aims to present economic processes within the context of class and class relations. The reader must, therefore, bear in mind that analyses mired in price-based approximations of value extortion have worth only in so far as they can reasonably correlate value transfer estimates with estimates of the *abstract* (or *universal*) *labour* involved in production (see below).

The second problem the analyst encounters whilst attempting to measure global labour stratification is the difficulty inherent in rigorously comparing, contrasting and relating in-house (i.e. FDI) and arm's-length relations between imperialist Multinational Corporations (MNCs)[8] and southern producers. A clearer demarcation between these two modes of extracting superprofits would undoubtedly enable a deeper understanding of the complex relationship between visible and invisible transfers of value from the Third World to the First World. Nonetheless, we may make some important preliminary observations in this regard.

International subcontracting by MNCs, as opposed to intra-firm investment, has grown massively in recent years. For example, annual imports into the US from US MNC subsidiaries in China increased from US$3 billion to US$63 billion between 1992 and 2006, a 20-fold increase. By comparison, intra-firm trade as a proportion of total US imports from China increased from 11% in 1992 to 26% in 2005, a not much more than 2-fold increase.[9] However, by focusing only on data showing the FDI of Northern-based MNCs, analysts seeking to measure South-North value transfers inevitably miss the entirely invisible transfer of value *via* outsourcing. Value-added at the MNC level (as at the level of imperialist countries and regions) is expanded by externalising costs of production, especially of intermediate inputs and consumer goods, to low-wage nations. Commodities produced by low-wage workers in the labour-intensive export industries obtain correspondingly low prices internationally. Yet as soon as these goods enter into imperialist-country markets, their prices are multiplied several fold, sometimes by as much as 1000%. As Chossudovsky comments, "value added" is thus "artificially created within the services economy of the rich countries without any material production taking place."[10] In short, argues Smith,

> [the] repatriated profits from MNC subsidiaries and the "rents" captured by northern outsourcers are two different ways that northern capitalists profit from the superexploitation of southern labour. It also follows that the visible flow of profits from FDI is only a surface manifestation of a larger underlying phenomenon, in other words that S-N [South-North] value transfers effected by FDI are very much larger than repatriated profits[11]

Precisely disaggregating that portion of transferred non-OECD value derived from unequal exchange and that derived from capital export imperialism is not a straightforward matter. Empirically, FDI has grown several times faster than trade in recent years.[12] Yet as Kleinert demonstrates,[13] FDI has helped pave the way for commodities trade. From 1945 to the late 1970s, underdeveloped countries such as India, Mexico and

Brazil attempted to foster industrialisation behind high protectionist walls, a model of development known as Import Substitution Industrialisation (ISI). These countries' markets were then relatively closed to imports and MNCs were obliged to build subsidiaries within those countries in order to gain access to domestic markets. The advance of neoliberalism—imperialism's strategic response in the 1970s to a crisis of overaccumulation manifested as stagflation—centrally involved the removal of these protectionist barriers, and the semi-protected Third World industries built up during the ISI period were bankrupted and ruined by the ensuing flood of imports. (This also happened on a grand scale in China, with the decimation of the "Town and Village Enterprises," a massive process of deindustrialisation.) ISI was succeeded in the Third World by export-oriented industrialisation (EOI). From then onward, investments by imperialist MNCs were far less motivated by the need to gain access to domestic markets (with the huge reduction of quotas and tariffs, they could achieve this through trade), but their primary motivation became to accumulate huge profits through exploiting inexpensive labour, especially by outsourcing production to low-wage nations. In doing so, the largest MNCs accumulated surplus capital that was to be used for non-productive speculative investment, mergers and acquisitions. The outsourcing of production to superexploited wage labour was, therefore, a major factor in the financialisation of the global economy, that is, the proliferation of "securitised" claims by capital upon future value creation.

As a *sine qua non* for the contemporary capitalist system's functioning, First World capitalist interests (mainly, MNCs and banks) are able to transfer huge volumes of surplus-value by means of unequal exchange *and* the repatriation of superprofits. For Greek Marxist economist Arghiri Emmanuel, however, *all* value transfer from superexploitation relations is based on the uncompensated transfer of low-priced commodity imports and not profit repatriation.

> It is because they have forgotten this elementary fact that some people blame the theory of unequal exchange for giving mercantile imperialism priority over financial imperialism. But when, in their

> balance sheets of imperialistic exploitation these authors distinguish between financial transfers from the periphery to the centre, on the one hand, and the transfer of values through terms of trade on the other, they are simply counting the same thing twice over … The net transfer of capital from one country to another cannot materially be anything but an export of goods unpaid for by an equivalent import. A transfer of this kind can therefore only be made through a trade-balance surplus, whether a purely formal one (i.e. entered in the accounts as non-equivalent volumes in terms of current prices) or an informal one (i.e. concealed in the composition of these prices themselves, as the non-equivalence of their elements).[14]

Emmanuel is quite wrong to assert here that value transfer is simply the "export of goods unpaid for by an equivalent import." Rather, unrecompensed value transfer may also take the form of accumulated claims exerted by foreign investment capital upon the assets of the host country, that is, on the accumulation of capital within that country. Emmanuel tends to evince a profound misunderstanding of imperialism, which he characteristically reduces to unequal terms of trade between nations. He depicts colonialism, for example, as a kind of "accident of history" on the alleged basis that the colonial empires broke up "without proportionate violence and without any marked impoverishment of the great imperial parent states, or any reduction in their capacity to exploit the rest of the world."[15] Emmanuel is oblivious to the extent to which imperialist countries export capital to underdeveloped nations not merely to earn interest and dividends (he tries to show that the alleged fact of the returns on colonial capital being less than the original exports of such disproves the Leninist theory). As Nabudere affirms, colonies are not merely places for the export of capital, but places where an over-abundance of cheap labour can be profitably exploited for the production of agricultural produce, raw materials and, latterly, manufactures, enabling the metropolitan countries to sustain a competitive advantage globally.[16]

Like many anti-imperialist Marxists, Emmanuel exhibits an unfortunate tendency to discuss imperialism on the basis of approaching it *either* from the perspective of capital export *or* that of unequal exchange theory. Against this idea it must be argued that attempting to determine levels of global South-North value transfer purely on the basis of unequal exchange tends to miss the real significance of capital export. A major category mistake lies in assuming that unequal exchange takes place between two or more *independent* national capitals. As a matter of fact, those nations disadvantaged by unequal exchange lose out on the basis of their economies having *already* been *de facto* colonised by imperialist finance capital and its attendant "free trade" (sic) structures. The thoroughgoing and nearly absolute domination of Third World economies by oligopoly capital (OECD-based banks and multinational corporations) is the major cause of the wages and productivity differences that lead to a situation of unequal exchange in the first place.

Transfers, then, may be resolved into two components: repatriated profits and, in addition, hidden surplus value generated by unequal exchange and FDI. Repatriated profits represent only the *visible* portion of the value transfers generated by FDI, whilst unequal exchange and superprofits represent the *invisible* portions.

One final point with regard to the calculations made in this section concerns the difference between wage rates denominated according to foreign exchange rates and those adjusted for *purchasing power parity* (PPP). The concept of purchasing power parity suggests that Third World currencies are undervalued so that in real (PPP) terms, US$1 will regularly buy several times as many goods or services in a Third World country as it would in the United States. PPP rates are established by determining the local price of a standard good or basket of goods (British journal *The Economist*, for instance, has come up with a PPP consumer price index based on local prices of "Big Mac" hamburgers internationally) and dividing it by its price in the United States. The fact that some goods are typically cheaper in Third World countries is often presented as proof that the cost of living is lower in underdeveloped countries than in developed

ones and that, therefore, Third World wages are not as low as they appear to be.

The concept of purchasing power parity thus described is problematic, however. In the first place, although basic foodstuffs and other local products (and, especially, services) may be substantially cheaper in the Third World than in the First World, many other products are just as expensive or even more expensive. Oil, for example, costs roughly the same in the Third World (with the notable exceptions of a few oil-producing states such as Iran and Venezuela) as in the First World precisely because it is a globally traded commodity that in most places must be imported. For similar reasons, computers and automobiles tend to cost a lot in the Third World. Secondly, it should be obvious that, in terms of the average labour-time required to purchase goods, there is no equivalence between the purchasing power of a Third World and that of a First World worker. In fact, according to calculations based on data compiled by the Union Bank of Switzerland, OECD wages have an average 3.4 times more purchasing power than non-OECD wages.[17] Thus whilst it takes the average worker in the non-OECD countries 44.3 minutes of work to earn the money to purchase 1kg of bread, it takes 11.7 minutes of work for her OECD counterpart to do the same, a factoral difference of 3.7.[18] Thus, the cost of living in the Third World is in fact *high* when one takes into account (1) prices that are not tied to the price of local labour-power (petrol, electrical appliances, air travel); and (2) wages, which affect the ability to take advantage of “low” prices and, indeed, high ones.

On a world scale, prices for goods and services tend to be lower in countries where wages are lower so that, through FDI or trade, OECD firms can purchase goods made in the lowest wage locations and sell them in the highest. In doing so, they can make more profits than were they to sell these same products at prices reflecting PPP differentials.[19] The present work bases its wage calculations on those given according to foreign exchange (forex) rates, because it is primarily foreign exchange rates of worker remuneration that attract foreign investors and not those based on PPP. Moreover, profits are realised through the sale of commodities at actual

forex prices, not hypothetical PPP prices. Nonetheless, when comparing real wages of workers in different countries, PPP wages are appropriate. The global divergence of the latter constitutes another means of estimating unrecompensed value transfer not, however, discussed in the present section (see Appendix IV).

Having thus clarified some of the conceptual difficulties involved in calculating South-North value transfer and the superwages of the First World working class, before proceeding we must outline our understanding of how capitalist-imperialism functions.

CHAPTER II.1

UNDERSTANDING CAPITALISM AND IMPERIALISM

Capitalism is a mode of production predicated upon the complete divorce of the worker from the means of production since only then is the capitalist able to accumulate all of the profits which his/her exclusive property rights allow for. Fundamentally, therefore, capitalism is based on the antagonistic contradiction between the class interests of the capitalist and those of the labourer:

> [Capital] is not a thing, but rather a definite social production relation, belonging to a definite historical formation of society, which is manifested in a thing and lends this thing a specific social character … It is the means of production monopolised by a certain section of society, confronting living labour-power as products and working conditions rendered independent of this very labour-power, which are personified through this antithesis in capital. It is not merely the products of labourers turned into independent powers, products as rulers and buyers of their producers, but rather also the social forces and the … form of this labour, which confronts the

> labourers as properties of their products. Here, then, we have a definite and, at first glance, very mystical, social form, of one of the factors in a historically produced social production process.[20]

Capital is any means of production (principally land and machinery) which entitle their owner to profits made in the course of their use. Although means of production exist in all forms of society, capitalist society is one wherein the production of capital dominates every other form of production. In a capitalist economy, the means of production constitute capital in so far as they are employed by individual or corporate capitalists not principally to produce use-values but, rather, to produce commodities for the purpose of *profitable exchange*. The profit required to motivate capitalists to invest in production is ultimately generated by their class paying the working class less than the necessary costs (in wages, raw materials and machinery) of producing a commodity.

Under capitalism, the profits obtained from the monetary exchange of surplus-value are the capitalist's to do with as s/he pleases. However, if the capitalist consumes too much of her/his earnings (for example, through too much luxury consumption or philanthropy), then s/he will not survive long in the market. Since capital is held privately by many individual capitalist units, capitalists must invest profits in the expanded reproduction of their operation because if any of their rivals do so and they do not, they will not be able to compete effectively over the long term. Rather, after a while, "they will be undersold and driven from the market, losing all of the amenities that come one's way when one is a successful capitalist—prestige, high incomes, and political power."[21] Competition between capitals therefore "forces each capitalist, on pain of death in the marketplace, to make profits and grow, to, in a word, accumulate capital."[22]

As Marx demonstrated, under capitalism "[that] which determines the magnitude of the value of any article is the amount of labour socially necessary, or the [average] labour-time socially necessary for its production."[23] This definition, as we shall see, does not account for

competition between capitals with different organic compositions and the resultant *transformation of values into prices of production*. However, within the capitalist system as a whole, the aggregate of value in society is the average socially necessary labour-time required for the production of *all* commodities. For the capitalist system to function, this aggregate value must exceed the amount of value expended on the cost of hiring productive labour-power, that is, the production workforce must be exploited.

Under capitalist production relations, all exchange is determined by the law of value, a law which, as Weeks observes, has two clauses, namely, that competition forces all producers to minimise concrete labour time and that it forces a tendency towards an equal rate of profit across all industries.[24] Crucially, Marx shows that the actual price of production of a commodity is not the same as its value, although the aggregate prices of production for all commodities is determined by the movement of their values.[25] Fundamentally, this is because capitalists are not interested in creating (surplus) value, but in generating profit. As capital is withdrawn from industries with low rates of profit and invested in those with higher rates, output (supply) in the former declines and its prices rise above the actual sums of value and surplus-value the industry produces, and conversely.[26] As a result of supply and demand, capitals with different organic compositions ultimately sell commodities at average prices and surplus-value is distributed more or less uniformly across the branches of production. An average rate of profit is thus formed by competing capitals' continuous search for higher profits and the flight of capital to and from those industrial sectors producing commodities in high or low demand. Overall, where one commodity sells for less than its value, there is a corresponding sale of another commodity for more than its value.

The tendential equalisation of profit rates under capitalism ensures that surplus-value does not adhere to the particular industry (or, indeed, territory) in which it was created. Instead, surplus-value is transferred *from* those industries (or territories) with a below average organic composition of capital *to* those with an above average organic composition of capital. As a consequence, even different industries with different levels of exploitation

can have the *same* rate of profit depending upon the organic composition of capital involved in the production process. Capitals equal in size yield profits equal in size, no matter where the investment is made or how large the divergences in factor endowments (that is, the share of the product going to capital and labour-power, respectively).

The Value of Labour-Power and Global Wage Differentials

Labour-power is "the capacity to do useful work which adds value to commodities."[27] As Marx noted, there is a "historical and moral element" to the value of labour-power.[28] On the one hand, historically situated class struggle to retain a larger share in socially-created wealth determines the divergent returns to capital and labour. On the other, there develops a dynamic between the rising wages sufficient to set in motion a higher organic composition of capital and the superexploitation necessary to offset the same.[29] For Amin, the dynamic equilibrium of the capitalist system requires that high investment in the most advanced fixed capital (Department I) be accompanied by a proportional rise in wage levels so that the surplus-value realised in the consumer goods industries (Department II) may be fully re-invested in the expanded phase of accumulation.[30] Since, however, there is an inverse relation obtaining between rewards to capital and labour, respectively, rising wages are only possible where additional sources of profit have been captured and secured against competitors. A central dynamic of modern imperialism is, therefore, based on capital's attempt to resolve the contradiction between the necessity of rising wages to facilitate the valorisation of oligopolistic capital (the productivity-wage squeeze) and, *pari passu*, its struggle to acquire fresh injections of surplus-value through the exploitation of a low-wage workforce.

By contrast to many left economists who persist in defining exploitation as the gap between workers' wages and output in any given country, the present investigation of exploitation has the *global* capitalist economy as the basic unit of analysis. Today, the prices of production,[31] and the sum value of all commodities, are determined on a global scale in

so far as capital has the ability to circulate across every country to secure the highest rate of return on its investment. The accumulation of capital takes place on a world scale to the extent to which there exist no legal or political impediments to the free movement of commodities and investments. In so far as capitalist production relations advance, "the value of labour power at the world level is linked to the world 'average' level of development of the productive forces."[32]

Within the capitalist system *tout court*, competition between capitals and the attendant need to maximise the rate of exploitation ensures that the value of labour-power tends to coalesce around the cost of the labour-time required to produce those goods necessary to the reproduction of "living labour"—that is, the subsistence goods (food, clothing, fuel and shelter) necessary for the workers' own survival:

> [The worker's] means of subsistence must … be sufficient to maintain him in his normal state as a labouring individual. His natural wants, such as food, clothing, fuel, and housing, vary according to the climactic and other physical conditions of his country. On the other hand, the number and extent of his so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the degree of civilisation of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed … *Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for the labourer is practically known.*[33]

Marx believed that wage rates would tend to equalise as capitalism matured.[34] However, there are several "obstacles" in the way of the proper commodification of labour-power: (1) unequal exchange, de-capitalisation and global oligopoly curtailing competition; (2) laws preventing the free mobility of workers; (3) limits to the reduction of skilled to unskilled labour; and (4) the continuance of craft and trade prejudices amongst

workers.[35] It is argued here that, under conditions of global oligopoly, workers in low-wage countries who are prevented from raising their wages above subsistence level contribute a portion of the surplus-value created during their working day to capital and labour in high-wage countries by means of capital export imperialism and unequal exchange. We may identify at least five interrelated factors explaining low wages in Third World countries:

> ¶ *Historical Value Transfer*. Over centuries, the Third World has transferred much of its economic surplus to the colonialist and imperialist countries. The concomitant and ongoing limitation of a national basis for capital accumulation in the Third World has meant that the fully- or semi-*comprador* bourgeoisies there (those capitalists acting as middlemen managing production for foreign-owned firms and retailers) have increasingly come to rely upon exporting to Western markets. Consequently, industrial capitalism in the Third World has been held back with the field of capital investment, whilst competition between competing national industries there for access to a restricted and monopsonistic Western market, had produced a "race to the bottom" in terms of workers' wages;
>
> ¶ *Semi-Feudalism*. Across the Third World (that is, the neo-colonial world), the spread of capitalism takes place through imperialism's superimposing it on an unreconstructed semi-feudal subsistence sector of the economy. It is the latter which allows the modern sector, dominated as it is by imperialist interests, to pay the working-class wages barely sufficient to cover the cost of the reproduction of their labour power—that is, of their maintenance during unemployment and old-age. The reproduction costs of labour-power are instead left to the pre-modern agrarian economy. In Third World countries, semi-feudal social structures have historically been preserved by means of a post-colonial alliance between a large-landowning

bourgeoisie and imperialist monopoly capital, the former seeking to maintain high ground rents and market dominance and the latter safeguarding conditions for the continued extortion of surplus-value beyond what is possible in its home countries. Lack of agrarian reform—whether on the basis of nationalisation to create a free market in land or on the basis of collectivisation to supply the needs of domestic industry—has meant that working people in most non-OECD countries remain tied to the land even after formal de-colonisation. They must produce commodities on small plots so as to afford their subsistence and pay their rents and debts to landlords. Semi-feudal comprador capitalism has created a situation whereby a highly impoverished agrarian population must seek wage-employment, since its livelihood is jeopardised by a market influx of heavily-subsidised inexpensive produce from the imperialist countries and the dispossession of its land. The outflow of surplus labour from the countryside to urban labour markets, these restricted by the predominance of foreign oligopolies, creates a constant downward pressure on wages. Without a free market in land and labour, Third World workers often do not receive the true value of their labour-power, namely, a living wage covering the costs of food, clothing, fuel and shelter for their family. The superexploited proletariat in the non-OECD countries relies upon the unpaid “domestic” labour of their (disproportionately female) rural counterparts to make ends meet, since the starvation wages they are paid may not otherwise meet the cost of the reproduction of their labour-power;

¶ *Systemic Underemployment*. The displacement of traditional producers unable to compete in a new capitalist market dominated by industrial production and large-scale capitalist agriculture creates a mass of unemployed and underemployed workers living in abject poverty. The numerical size, social marginality and desperate poverty of this “reserve army of

labour" are the major cause of the inability of workers to organize for higher wages. The growth of demand for labour (and hence rising wages) depends on the rate of growth of the economy outstripping that of labour "productivity," that is, in capitalist terms, the total price of final goods and exports divided by total labour time. Where this demand is less than the rate of growth of the workforce, the relative size of the reserve army of labour (and hence absolute poverty) will increase.[36] In Third World countries, even where economic growth is high, labour productivity is so great (reflecting the national bourgeoisie's high demand for mass-produced luxury commodities as opposed to traditionally-produced goods and, also, the eviction of peasants from their land through real estate development and mining projects) that the size of the reserve army of labour can only increase.

In Europe, by contrast, the relative size of the reserve army of labour was reduced in two ways. Firstly, massive migration to white settler colonial countries (particularly the United States, Canada, Australia and New Zealand) ensured not only that domestic labour market competition was kept low, but also that the minimum wage was high relative to opportunities for workers to earn a higher standard of living as settler farmers overseas. Secondly, most dispossessions of pre-capitalist producers unable to be absorbed into the working class occurred not in Europe, but in its colonies, where the import of mass-produced European goods resulted in deindustrialization, mass pauperization, enduring underdevelopment and low wages.

¶ *Militarised borders*. The draconian restriction of migration of low-wage Third World labour to high-wage countries, a highly popular policy undertaken by all First World governments upon pain of electoral defeat if not outright political meltdown, prevents the equalisation of returns to labour interzonally and ensures the perpetuation of a global wage hierarchy; and

> ¶ *Military repression*. Violent state repression of agrarian reform movements and trade unions in Third World countries keeps the working class there from being able to raise its wages or enhance its bargaining power within the class structure. Armed struggle against organised workers' and peasants' movements in the Third World normally takes place through the funding of local elite autocracies and their state and paramilitary forces by the Pentagon (itself amply financed by a gigantic military-industrial complex). However, when Western interests are radically challenged either by a strong communist or nationalist movement, military means—ranging from unconventional or proxy warfare to outright aggression, occupation and wholesale destruction—are deployed, typically under US auspices.

Wage Labour and Exploitation

It is commonly supposed by socialists that if a person earns a wage she must, *ipso facto*, be exploited. However, if one worker is able to purchase the product of ten hours of another worker's labour through one hour of her own, then that worker is benefiting materially from the exploitation of the other worker. In other words, where the labour content of the worker's consumption is in excess of the amount of labour (value) she supplies, she partakes in the exploitation of her fellow worker.[37]

> [The level of] exploitation depends on the actual ratio between the "necessary labour" (the wages) and the "surplus labour" (the surplus-value). [If] you can secure more surplus-value for your wages than you have created, you are not being exploited, but you are exploiting.[38]

Marx and Engels had admitted the possibility of one section of the working class having a parasitic relation to or even "exploiting" another.[39] For Marx, the wages of workers in the unproductive sectors of employment

must be paid for out of the exploitation of production sector workers, their numerical expansion being conditional upon the latter.[40] Unproductive workers do not necessarily *exploit* productive workers even though, as a whole, they are "parasitic" upon them within the capitalist system.[41] Certainly, the wages of unproductive workers are determined according to the value of labour-power just as much as those of their productive counterparts, and they would not be hired if they did not deliver to the individual capitalist revenue in excess of the same. However, as Marx writes, the "surplus labour" of the unproductive worker does not "produce value any more than his [sic] … necessary labour" does. From our perspective, unproductive workers may be considered exploited only when they are paid at or below the value of labour as determined within the context of the global capitalist economy.

Marx noted another possibility—namely, that a privileged section of the working class might be hired so as to *directly* exploit another, less privileged section. He wrote:

> Since the quality and intensity of [piece-]work are … controlled by the form of wage itself, superintendence of labour becomes in great part superfluous. Piece-wages therefore lay the foundation of the modern "domestic labour" … as well as of a hierarchically organised system of exploitation and oppression. The latter has two fundamental forms. On the one hand piece-wages facilitate the interposition of parasites between the capitalist and the wage-labourer, the "sub-letting of labour." The gain of these middle-men comes entirely from the difference between the labour price which the capitalist pays, and the part of that price which they actually allow to reach the labourer. In England this system is characteristically called the "Sweating system." On the other hand piece-wage allows the capitalist to make a contract for so much per piece with the head labourer—in manufactures with the chief of some group, in mines with the extractor of the coal, in the factory with the actual machine-worker—at a price for which the head labourer himself undertakes the enlisting and payment of his

> assistant workpeople. *The exploitation of the labourer by capital is here effected through the exploitation of the labourer by the labourer*.[42]

Where workers seek to retain whatever bourgeois status their occupational income and conditions of work afford them through alliance with imperialist political forces, they can be said to *actively* exploit the proletariat. What Lenin called *imperialist economism* (the treatment of questions of income and inequality in the rich countries without accounting for superprofits) typically ignores how "*state* intervention has falsified the natural economic relations" between workers in different nations.[43] The fact that Marx never lived to see the full flowering of division within the world working class (today ineluctably marked by global imperialism), and his erroneous belief that wage levels would tend to converge, explains the relative inattention he paid to the issue. Nonetheless, Marx did not express disagreement with the letter Engels sent him in which he referred to England's cultivation of a "*bourgeois proletariat*" maintained by colonial superprofits. Moreover, Marx was acutely aware of the higher wages of the oppressor nation working class of England relative to its oppressed Irish counterparts (this being a principal cause of the lack of a unified British workers' movement). Marx recognised the possibility of a bourgeoisified working class, but he could not possibly foresee, in this regard, the consequences of capitalism's inevitable transformation into imperialism.

Not all wage-labourers produce net surplus-value. Moreover, not only may some wage-labourers be in receipt of more *surplus*-value than they create, some may not create *any* value whatsoever. Unproductive labour, like the activity of consumption itself, uses up a portion of existing wealth without directly resulting in the creation of this wealth.[44] Whereas the rate of surplus-value is given by the ratio between surplus, *s* and wage labour or variable capital, *v*, part of surplus-value is expended on *nonproduction* activities. Unproductive workers are, as Marx put it, "parasites on the actual producers,"[45] although they may be "exploited" in so far as they are paid less than the value of labour as globally determined (like the majority of

workers in Third World countries). Since the fundamental class antagonism in capitalism is between the producers of surplus-value and the capitalists who receive it in the first instance, unproductive labourers receive what Resnick and Wolff call “subsumed class income” from the distribution of already appropriated surplus-value.[46] As imperialism comes to form the central core of the capitalist system, the physical toil needed to produce this surplus-value is increasingly the sole preserve of superexploited Third World labour.

There are three main criteria for determining whether or not labour performed under capitalist conditions of production is productive. Productive labour under capitalism is, first, that labour which produces *commodities for sale*, the revenue from which must contain monetary value over and above that expended in its production. Secondly, productive labour under capitalism entails the production of commodities for sale by *wage-labourers*, or persons whose labour-power commands a price on the market, relative to the value of the necessary social labour (embodied in subsistence, as opposed to luxury, consumer commodities) required to reproduce it. Thirdly, productive labour under capitalism is that labour which is paid for so as to *increase the value* of the capital expended in its employment, as opposed to that which decreases the surplus-value already obtained from the same through payment for labour that does not quantitatively *expand* the capital at the employer’s disposal.[47]

Thus, labour that occurs in the spheres of most economic sectors involved with the *circulation and distribution* of commodities (not including transportation of goods and components necessary to the production of commodities) is non-productive. Itoh writes:

> Unlike pure circulation costs such as bookkeeping and advertising costs which are *faux frais* [fringe costs] specific only to a commodity economy, some portions of the costs of storage and transport belong substantially to production processes that are continued in the circulation sphere, and therefore add to the substance of value and surplus-value just as production costs. The

> rest of the costs of storage and transport, together with pure circulation costs, proceed from the mere change in the form of value, and cannot enter into the substance of value of commodities. Such circulation costs are *faux frais* which must be maintained by a part of surplus-value.[48]

Moreover, alongside labour employed in the mechanisms of societal reproduction (police, judiciary, clergy, etc.), labour employed in personal consumption (chefs, waiters, retail assistants, etc.) is also non-productive. The labour of a chef whom I have paid to cook a meal for me, for example, is unproductive labour in so far as I am only buying her labour to enjoy her product, and not to enlarge my capital. As Marx writes:

> The cook does not replace for me (the private person) the fund from which I pay her because I buy her labour not as a value-creating element but purely for the sake of its use-value. Her labour as little replaces for me the fund with which I pay for it, that is, her wages, as, for example, the dinner I eat in the hotel itself enables me to buy and eat the same dinner a second time.[49]

The retail sector can be economically classified under the rubric of "merchant's capital," which is unproductive. Marx writes: "Merchant's capital … participates in levelling surplus-value to average profit, although it does not take part in its production. Thus the general rate of profit contains a deduction from surplus-value due to merchant's capital, hence a deduction from the profit of industrial capital."[50] Elsewhere, Marx elaborates on retail work as unproductive labour:

> In one respect, [a retail worker] is a wage-worker like any other. In the first place, his labour-power is bought with the variable capital of the merchant, not with money expended as revenue, and consequently it is not bought for private service, but for the purpose of expanding the value of the capital advanced for it. In the second place, the value of his labour-power, and thus his wages, are

> determined as those of other wage-workers, i.e., by the cost of production and reproduction of his specific labour-power, not by the product of his labour … However … since the merchant, as mere agent of circulation, produces neither value nor surplus-value … it follows that the mercantile workers employed by him in these same functions cannot directly create surplus-value for him.[51]

Marx considered that the development of capitalism as such would tend to make the distinction between productive and unproductive labour depend upon a distinction between labour that produces material commodities for sale and labour that is engaged in the sale of personal services.[52]

> Hence it is clear that in the same proportion as capital subjugates to itself the whole of production—that is, all commodities are produced for the market and not for direct consumption—and the productivity of labour rises to the same degree, a material difference between productive and unproductive labour will more and more develop, in as much as the former, with minor exceptions, will exclusively produce commodities, while the latter, with minor exceptions, will perform only personal services. The former class will consequently produce the immediate material wealth consisting in commodities, all commodities except that which consists of labour-power itself. This is one of the considerations which prompt Adam Smith to add other points of difference, in addition to this first *differentia specifica* [namely, labour that produces profit—ZC] by which they are defined in principle.[53]

Marx explicitly states that capitalism tends to create a situation where productive labour coincides with labour which produces material commodities, so that a characteristic of productive workers is that their labour is "realized in commodities, that is, in material wealth."[54] As Amin writes:

> The sphere of productive activity provides society with *material products* in the places where they are to be consumed. It can be subdivided into two sectors: the primary, in which landed property has played, historically at least, the dominant role (agriculture), and the secondary, in which it is capital that plays this historical role (industries in the strict sense, together with mining and transport). In contrast to this, unproductive activity extracts nothing from nature—which does not mean that it is useless … Productive means here productive of profit, which is functionally destined to accumulation, that is, to the widening and deepening of the field of action of the capitalist mode of production. As Adam Smith observed, one becomes poorer by employing servants, but richer by employing workers.[55]

For Marx, bureaucrats, rent receivers, professionals, commercial wage-workers and service workers "do not participate in material production either directly or indirectly and are therefore unproductive from the standpoint of [capitalist] production. They do not enlarge the mass of actual products but, on the contrary, reduce it by their consumption, even if they perform various valuable and necessary services by way of repayment … In so far as the performers of these services consume commodities they depend on those persons who participate in material production. From the standpoint of material production their incomes are derivative."[56]

It is sometimes argued that all wage labour is productive in so far as it must positively affect the production of material commodities somewhere along the line. Marx called this "the stupidity that consumption is just as productive as production."[57] On this point, it is worth quoting him at length:

> The only *use-value*, therefore, which can form the opposite pole to capital is *labour* (*to be exact, value-creating, productive labour* … Labour as mere performance of services for the satisfaction of immediate needs has nothing whatever to do with capital, since that is not capital's concern … A. Smith was *essentially* correct with his

> *productive* and *unproductive* labour, correct from the standpoint of bourgeois economy. What the other economists advance against it is either horse-piss (for instance Storch, Senior even lousier etc.), namely that every action after all acts upon something, thus confusion of the product in its natural and in its economic sense; so that the pickpocket becomes a productive worker too, since he indirectly produces books on criminal law (this reasoning at least as correct as calling a judge a productive worker because he protects *from* theft). Or the modern economists have turned themselves into such sycophants of the bourgeois that they want to demonstrate to the latter that it is productive labor when somebody picks the lice out of his hair, or strokes his tail, because for example the latter activity will make his fat head—blockhead—clearer the next day in the office. It is therefore quite correct—but also characteristic—that for the consistent economists the workers in e.g. luxury shops are productive, although the characters who consume such objects are expressly castigated as unproductive wastrels. The fact is that these workers, indeed, are productive, as far as they increase the capital of their master; unproductive as to the material result of their labour. In fact, of course, this “productive” worker cares as much about the crappy shit he has to make as does the capitalist himself who employs him, and who also couldn’t give a damn for the junk. But, looked at more precisely, it turns out in fact that the true definition of a productive worker consists in this: A person who needs and demands exactly as much as, and no more than, is required to enable him to gain the greatest possible benefit for his capitalist.[58]

Critics of the distinction between productive and unproductive labour as outlined frequently quote Marx as writing:

> An actor, for example, or even a clown, according to this definition, is a productive labourer if he works in the service of a capitalist (an entrepreneur) to whom he returns more labour than he receives

> from him in the form of wages; while a jobbing tailor who comes to the capitalist's house and patches his trousers for him, producing a mere use-value for him, is an unproductive labourer.[59]

The operative word here is the qualifier *if*. The only means of deciding whether or not the actor or clown "returns more labour [to the capitalist] than he receives from him in the form of wages" is precisely by making reference to productive labour, that is, labour that produces value in the form of commodities. Another common objection to Marx's distinction between productive and unproductive labour is the assertion that the latter is "socially necessary." No doubt it is true that unproductive labour is very necessary for the *realisation (valorisation), distribution and protection of* value. Moreover, it is quite often socially beneficial. Nonetheless, regardless of how socially necessary unproductive labour is from the perspective of capital in its totality, or society as a whole, under capitalism unproductive labour must be paid for out of profits since it is not value creating, nor does it normally take place in an industrial environment. "Productivity" in a mall or shopping centre largely depends upon the customer coming to the sales clerk who provides her a service. The need for a multi-billion dollar advertising industry arises from the fact that it is impossible for sales workers to be more productive of sales than consumer demand allows. This is not true of the proletariat as such, whose productivity is measured in terms of value creation.

In this section, labour that occurs in the spheres of most economic sectors involved with the *circulation and distribution* of commodities (rent receivers, commercial wage workers, transport workers, not including those transporting goods and components necessary to the production of commodities), mechanisms of societal reproduction (police, judiciary, clergy, state bureaucracy etc.), and personal consumption (services workers) is classed non-productive labour. For want of more detailed statistical information, the section considers only workers in industry and agriculture productive, even though there are services workers (e.g. some cleaners and some transport workers) who must be considered productive and some workers in the production sectors who may not be.

Exploitation and Superexploitation

Exploitation occurs when wage-labourers are paid wages with less value than that which their labour-power creates. *Superexploitation*, meanwhile, is the greater than average rate of exploitation imperialist capitalism submits workers in colonial or neo-colonial nations to, often to the point where their wages are set at levels insufficient for their households to reproduce their labour-power. Superexploitation generates *superprofits* which represent the extra or above average surplus-value extracted from the labour of nationally oppressed workers. Superprofits arise out of the following related situations: *technological advantage*, where firms operating at above average productivity in a competitive, growing market can make above-average profits; *monopoly*, where corporations controlling vital resources or technologies yield what are effectively land rents, mining rents, or technological rents; and *unequal exchange*, where trade in commodities embodying different values for equivalent prices can sustain profit margins. The tendential equalization of profit rates under international capitalism ensures that unrequited value transfers are virtually invisible where these situations are not accounted for.

Through imperialism, monopoly capitalists extort colonial and neo-colonial farmers of added value embodied in subsistence goods but, crucially, never paid for in wages. There are at least five conditions under which superexploitation of "marginal" or semi-proletarian workers may occur:[60]

> ¶ The enforced dispossession of the peasantry by monopoly capitalist agriculture and its local allies ensures massive out-migration from the countryside to industrial areas, exerting a downward pressure on wages *via* competition over jobs;[61]
>
> ¶ The Third World peasantry, whose small farms (or "mini-fundia") operate largely with non-capitalist, unwaged, overworked, "self-exploited" and barely subsisting family labour, provides inexpensive food to the urban sector;[62]

¶ Urban petty producers and self-employed workers on barely subsistence incomes are used by capitalists to maintain low wage costs by their producing cheap goods and inputs for the manufacturing activities of competitive firms (for example, by making buttons or sewing upholstery at home), cheap services and repairs (for example, through "odd-jobbing" electrical or plumbing work) and sales of consumer goods to workers below the market price. These Third World workers are considered by Kay to be a form of "out-worker" or "proletariat in disguise," even though they are not directly employed by capitalists;[63]

¶ By obliging the proletariat as such to subsist partly on value generated by non-wage petty production (and vice versa), capitalists are able to purchase labour-power below its value and thus accumulate extra surplus-value.[64] The unpaid domestic production of women and children alongside the sale of commodities below their value by the rural and urban non-capitalist subsistence economy supplements the sub-subsistence wages paid to the proletariat proper. The latter are forced to accept extremely low wages for long hours of work in substandard conditions as a condition of their survival; and

¶ The marginal workforce is compelled, by virtue of its weak bargaining and purchasing power, to pay a price for goods and services from the capitalist sector "which is far above the value embodied in these commodities" and the market demand for them.[65]

In short, superexploitation is the product of capitalism (1) within countries wherein a strong *national* bourgeoisie exploiting in-demand landless workers has been held back; and (2) where the state, with the support of the major imperialist powers, engages in violent military, paramilitary and police repression of the workers' movement. The superexploitation which sustains capitalism in its current phase of accumulation can only occur through *de jure* or *de facto* denial of national sovereignty to Third World

people via imperialism (economic development, democracy and national independence forming a dialectically related whole so that the absence or lack of one must result in the diminution of the others).

The enduring and systemic nature of superexploitation has led some analysts to argue that so-called “primitive accumulation” (characterized by Marx as the dispossession of the peasantry, slavery, genocidal slaughter of the “Indians” of America and the Caribbean, famines imposed by Britain upon India and Ireland, and other events marking the birth of capitalism in its pre-industrial stage) should not only be considered chronologically, providing as it were, the “historical origins” of capital accumulation. Rather, Werlhof has argued that “original” accumulation through the depredation of peasant communities and women (housewifeization), is an integral or *permanent* moment in the circuit of capital.[66] Zarembka, however, argues convincingly that Marx’s understanding of capital accumulation necessarily *incorporates* the fact of dispossession and that the concept of “primitive accumulation” was indeed reserved by Marx for transition out of feudalism.[67] In any case, the capitalist appropriation of non-waged producers’ output (wageless commodity production) ensures that peasant and urban petty producers, superexploited workers and domestic labourers producing material values effectively generate *extra* surplus-value, that is, superprofits, for the capitalists who purchase their goods below the value of the labour-power required to produce them. Accumulation by dispossession is thus a form both of looting the peasantry and enslaving the superexploited workforce (indeed, the latter is often forced to live and work in conditions approximating prisons).

Having thus established in broad outline what capitalist-imperialism *is* we may now advance our understanding of how it *functions*, and thus obtain an estimate of the value of uncompensated value transfer from the Third World to the First World.

CHAPTER II.2

ESTIMATES OF SUPERPROFITS AND SUPER-WAGES

The Argument from Unequal Exchange

For Marxist economists, value is not *created* through exchange, through "buying cheap and selling dear." However, value is *redistributed* through exchange and it is possible to make surplus profits by paying less for a commodity than it is worth. As Marx recognised, superprofits derived from foreign trade enter into the rate of profit as such:

> Capitals invested in foreign trade can yield a higher rate of profit, because, in the first place, there is competition with commodities produced in other countries with inferior production facilities, so that the more advanced country sells its goods above their value even though cheaper than the competing countries. *In so far as the labour of the more advanced country is here realised as labour of a higher specific weight, the rate of profit rises, because labour which has not been paid as being of a higher quality is sold as such.* The same may obtain in relation to the country, to which commodities are exported and to that from which commodities are imported; namely, the latter may offer more materialised labour in kind than it receives, and yet thereby receive commodities cheaper than it could produce them. Just as a manufacturer who employs a new invention before it becomes generally used, undersells his competitors and yet sells his commodity above its individual value, that is, realises the specifically higher productiveness of the labour he employs as surplus-labour. He thus secures a surplus-profit. *As concerns capitals invested in colonies, etc., on the other hand, they may yield higher rates of profit for the simple reason that the rate of profit is higher there due to backward development, and likewise the exploitation of labour, because of the use of slaves, coolies, etc*. Why should not these higher rates of profit, realised by capitals

> invested in certain lines and sent home by them, enter into the equalisation of the general rate of profit and thus tend, *pro tanto*, to raise it, unless it is the monopolies that stand in the way. There is so much less reason for it, since these spheres of investment of capital are subject to the laws of free competition [my emphases].[68]

Here Marx understands superprofits as deriving from the difference between the value of goods within the world capitalist economy as a whole and the value contained within its national component parts, or what Bukharin, commenting on the above passage, refers to as the *social* value and the *individual* value of goods respectively.[69] The process whereby extra surplus-value is transferred from one (group of) nation(s) to another through trade is known as *unequal exchange*.

Unequal exchange refers to the terms of trade between the oppressed nations, those unable to exercise economic, political or military self-determination, and the imperialist nations in the world economy. It is the idea that "on the world market the poor nations are obliged to sell the product of a relatively large number of hours of labour in order to obtain in exchange from the rich nations the product of a small number of hours of labour."[70] The first major exponent of the concept of unequal exchange, Greek Marxist economist Arghiri Emmanuel wrote that "[unequal] exchange is the proportion between equilibrium prices that is established through the equalization of profits between regions in which the rate of surplus-value is 'institutionally' different."[71] The differing national rates of surplus value are due to:

> ¶ *Differences in labour conditions*. Militarised borders preventing the free movement of labour, low levels of industrial development imposed by dependency and a correspondingly limited internal market and the repression of trade unions and agrarian reform movements by comprador governments keep wages, and hence prices, low in the underdeveloped countries;

> ¶ *Situations of technological monopsony*. Often the oligopolistic capitalist countries are the only seller to the Third World, especially of advanced electronic technology (the development of which is highly dependent on state-subsidised military spending), and the single major buyer of much of its produce. This allows them to charge high prices disadvantageous to Third World capitalists; and
>
> ¶ *Unequal organic compositions of capital*.[72] The dominance of First World-based oligopolies in world markets means competitive production in the Third World is curtailed and what Amin calls an "imperialist rent" extracted.[73]

In so far as capital is able to circulate the world to secure the highest rate of return on its investments, surplus-value may be transferred *sui gratis* from the Global South to the Global North and polarisation between the rich and poor nations thereby extended and intensified. How does this occur?

One of the major means by which oligopoly capitalism secures its high profits is precisely in the form of unequal exchange of commodities internationally. Marx writes:

> From the fact that the profit may be *less* than the surplus-value … it follows that not only individual capitalists but nations too may continuously exchange with one another … without gaining equally thereby. One nation may continuously appropriate part of the surplus labour of the other and give nothing in exchange for it, except that here the measure is not as in the exchange between capitalist and worker.[74]

The tendential equalisation of profit rates internationally via open markets in capital and commodities, markets dominated by the leading oligopolies, ensures that although there is less surplus-value created in the developed nations than in the dependent nations, a huge uncompensated value transfer from the latter to the former takes place. According to Amin, writing of a period when the process described was in its infancy:

> [Unequal] exchange arose when the disparity between the rewards of labour (at equal productivity), began to assume importance, i.e., at the end of the last century. In the centre, the rise in real wages contributed to extended reproduction [the capitalist cycle—ZC] while creating the conditions for unequal exchange. To be sure, beginning in 1914, or 1930 at the latest, the flow of capital export from the centre to periphery diminished relatively, but this was due precisely to a dynamic unequal development based on the unequal exploitation of labour, resulting from this export of capital. Between 1880 and 1930, capital was not overabundant in absolute terms; but it obtained a higher output in the periphery by establishing modern facilities (with high productivity), which intensified the exploitation of labour-power. This overexploitation limited the possibilities for subsequent extended accumulation in the periphery, thereby reducing the possibilities for profitable export of capital.[75]

Although differences in wages are a fundamental determinant of unequal exchange, relative differences in national productivity are also a crucial factor. Contrary to writers such as Emmanuel who stress that wages are the "independent variable" determining levels of unequal exchange (unequal rates of profit, he says, being a perfectly normal aspect of the capitalist circulation process) and those who ascribe global wage differentials to the tremendous "productivity" (defined in price terms) of First World workers, there is in fact a dialectical relationship between the two. The low wages of non-OECD workers are necessarily embodied in commodities with low prices. The historical accumulation of transferred surplus-value in the advanced industrial countries ensures that retailers there can take advantage of a much larger market for their wares than exists in the Third World. As such, employers can afford to pay core nation workers higher wages, thus contributing to the high value added (high productivity) to their product in the subsequent phase of expanded capitalist reproduction. As Dussel explains, a cycle (or positive feedback loop) of superexploitation is thus involved in the process of unequal exchange.

> [The] essence or foundation of dependency (as Marx would say) is the transfer of surplus-value from a less-developed total national capital to the one that is more developed. It is necessary to compensate for this loss by extracting more surplus-value from living labour in the periphery. Dependent capital hence drives the value of the wage below the value necessary to reproduce the capacity to work—with all the known consequences. At the same time, it intensifies the use of this labour by reducing the time necessary to reproduce the value of the wage, relatively and in new ways.[76]

This process redounds decisively to the benefit of the workers in the developed countries, who are thereby able to purchase low cost imports as sold by Third World capitalists obliged to buy the overpriced products of First World labour. It also explains the more than doubling of inequality between the core nations and the dependent countries of the world economy during the recent era of global "free trade" neoliberalism.[77]

The possibility of correcting the unequal value of wages internationally through national industrialisation and the resultant social-democratic struggles over the workers' share of profits is forestalled in the periphery as its surplus-value is increasingly transferred to the core nations through unequal exchange and profit repatriation. With production being carried out by cheap superexploited labour in the dependent nations, value is "added" in the OECD by "putting commodities through the wholesale and retail processes, giving consumers in the global north the necessary power through their high wages to consume the products and realise the values."[78]

Discussing the superexploitation of nations by imperialism, Marxist economist Henryk Grossman considered unequal exchange purely according to the divergent technological bases of international production:

> In international trade there is not an exchange of equivalents, because, just as in the domestic market, there is a tendency toward

> equalization of profit rates. Therefore the commodities of the highly developed capitalist country, that is, of a country with a higher organic composition of capital, are sold at prices of production which are always greater than their values. On the other hand, the commodities of countries with a lower organic composition of capital are sold under free competition at prices of production that as a general rule must be less than their values … . In this manner, transfers of the surplus-value produced in the less developed country take place within the sphere of circulation in the world market, since the distribution of the surplus-value is not according to the number of workers employed but according to the magnitude of the capital involved.[79]

For Dussel, in the world market, composed of total national capitals, there is a "total world capital" within which international competition levels and distributes the total world surplus-value.[80]

> In the case of a product produced in Mexico and in Detroit, within competition (because monopoly situations are built, albeit negatively, from competition), it is necessary to distinguish between the "national value" of the product, the national price (in Mexico and in the United States) [that is, the cost of its consumption relative to wages in the country consumed], and the average international price. The determination of average world profit should operate in the same way as the determination of an average national profit (among the different branches of production). In the same manner the value of national labour capacity (in Mexico or in the United States), or its national prices (its wages), would allow the conclusion that one is above and the other is below a hypothetical world average. Palloix argues that unequal exchange as a result of different organic composition determines the different rate of surplus-value or the different value of the wage in underdeveloped and developed countries.[81]

The protectionism adopted by the imperialist institutions under oligopoly capitalism (including the state and the allied economic and political organisations of the labour aristocracy) ensures that "there is no fluidity in the world transmission of technology, of population, of capital as a totality. There is a national average, both of wages and of the organic composition of capital."[82]

Since the incredibly low wages of Third World nations do not result in a concomitantly high rate of profit, international differences in wages are principally observed in *prices*. The price of a commodity in a competitive market is equal to the wage rate times the total labour content plus the average rate of profit. As Sau notes, in order for two countries to balance their trade, with both bundles of traded goods fetching equal prices, the country with the higher wage rate must sell goods which have a proportionally smaller labour content.[83] The low prices (but high values) of Third World commodities attendant to the superexploitation of Third World workers thus effected benefits both capitalist and employee in the First World.

The following are two distinct methods of estimating the value of unequal exchange according to (i) equal productivity and (ii) equal wages.

I. Unequal Exchange through International Productivity Equivalence

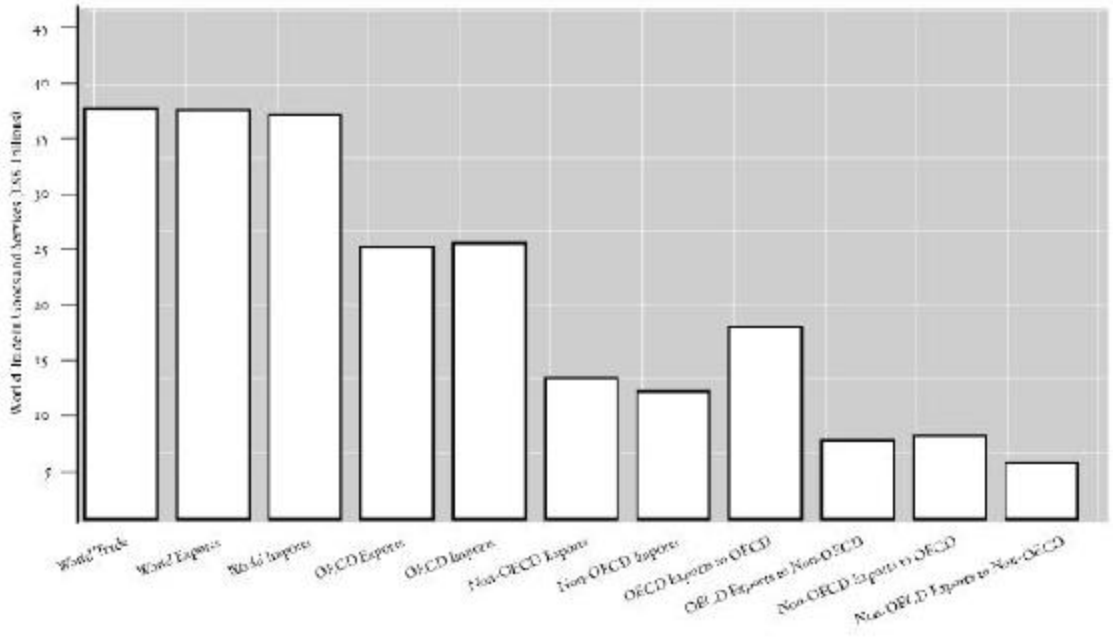
To calculate real value transfer *(t)* from the non-OECD countries to the OECD countries, it is necessary to determine how much of value-added *(v,* which is the difference between the cost of producing a given amount of goods and services and the final price at which they sell, that is, GDP) is unevenly distributed according to the disproportionate monetary rewards of capitalists and workers in each zone. To attempt to quantify South-North value transfer through unequal exchange of commodities embodying different labour values but with equivalent cost prices, we may take the steps outlined below:

1. Determine the monetary value of non-OECD goods exports to the OECD

In 2010, nominal world GDP was US$62.2 trillion and world trade was 61% of global GDP, or US$37.8 trillion (see Figure II). The OECD accounted for 67% (US$25 trillion) of global exports in the same year. Asia, Africa, Latin America, Eastern Europe and the Middle East accounted for 33% of world exports (US$13 trillion). 59.2% (US$7.7 trillion) of total non-OECD exports went to the OECD and 40.8% (US$5.3 trillion) of total non-OECD exports went to non-OECD countries. 71% (US$17.8 trillion) of total OECD exports went to OECD countries and 29% (US$7.3 trillion) of OECD exports to non-OECD countries. 15% of developing country exports are services.[84] Assuming that half of all non-OECD service sector exports are to the OECD, non-OECD goods exports to the OECD are approximately worth a nominal US$7 trillion.[85]

Figure II. International Trade in 2010[85]

[this figure can also be downloaded as a PDF by clicking here]



2. Determine the percentage of non-OECD export sector goods prices that is value-added domestically and the weighted average of OECD goods-producing labour productivity (that is, value-added divided by hourly wages in domestic industry and agriculture) and non-OECD to OECD goods-export sector productivity.

To determine value-added domestically in the non-OECD export sector we must determine what percentage of export sector prices is composed of capital goods and intermediate goods imported from the OECD. Intermediate goods are goods such as raw materials, parts and fuel used in conjunction with capital goods (machinery and equipment), and labour in the production of final goods. Intermediate goods were an average 37% of total manufacturing imports in the OECD countries in 2002, whilst the share of intermediates imports from non-OECD countries to the OECD was 25% of the total in 2004.[86]

In 1980, capital goods imports into developing countries from developed countries comprised 43% of total developing country imports from developed countries, whilst capital goods exports from developing countries constituted only 4% of total exports to developed countries.[87] However, over the period 1985–1997, capital goods as a percentage of total imports for developing countries averaged approximately 24%.[88] Thus, if intermediate goods were around 37% of total OECD to non-OECD goods exports and capital goods around 25% of the same total, and presupposing that all intermediate and capital goods exports from the OECD to the non-OECD are destined for re-export as final goods to the OECD (a generous assumption favouring arguments about a lack of non-OECD "productivity"), we may conservatively estimate that only 35% of the price of non-OECD exports is value-added domestically.

By measuring the size of the non-OECD export sector workforce "not by their nations' gross exports [as does the IMF—ZC] but by that portion of it that was added domestically—in other words … by [goods production]

value-added,”[89] we can estimate the size of the export-weighted non-OECD labour force.

OECD employees work an average 1,724 hours annually. According to the International Labor Organization (ILO), 22% of the global workforce works more than 48 hours per week, or 2,496 hours per year. Of the OECD countries, only Koreans work comparable hours. The Korean Republic’s workforce is 13.8 million, or around 0.4% of the global workforce, so we can safely assume that around 682 million out of a total of 2.4 billion non-OECD workers (or 28%) work 2,496 hours per year. Let us then assume that 1.7 billion non-OECD workers work the same hours annually as workers in the OECD (1,724 hours). For the sake of argument, then, and before accounting for underemployment, we can assume that non-OECD workers each work around 2,000 hours annually.

To calculate total hours worked in the OECD and non-OECD countries, we will first assume that underemployment equates to part-time employment which we will take to be half of the OECD average, or 862 hours per year.

Since all developing countries belong in the bottom four quintiles, we will take the average underemployment figure for the non-OECD workforce as 53%. 53% of non-OECD workers (1.3 billion) working a total of 862 hours per year amounts to a total of 1.1 trillion hours annually. Add that to the approximately 2,000 hours that full time non-OECD workers work annually (2.4 trillion), and we can estimate that the non-OECD workforce works around 3.5 trillion hours annually, of which goods production labour time is approximately 80% or 2.8 trillion hours. That means that the average non-OECD worker works around 1,400 hours per year.

We have estimated that the percentage of non-OECD goods export prices (US$7 trillion) that is domestic value-added in goods production is 35%. Non-OECD goods exports to the OECD are nominally worth 40% of non-OECD GDP, which, by IMF calculations, means that 1 billion non-OECD workers must be involved in the goods-exports-to-the-OECD sector of the non-OECD economy. If we then weigh that number by our domestic

value-added estimate (35%), we find that approximately 350 million non-OECD workers are involved in producing goods for the OECD market. If each works around 1,400 hours per year, that is a total of 490 billion hours annually. It must be borne in mind that this calculation of the total quantity of living labour expended in the production of non-OECD exports to the OECD assumes that the productivity of the non-OECD exports sector is the same as for the non-OECD economies as a whole. To the extent that it is, in reality, much higher, the quantity of living labour embodied in non-OECD exports is exaggerated, whilst the productivity of non-OECD export-sector goods production is *underestimated*. This assumption therefore favours arguments about the supposed low productivity of Third World workers.

Meanwhile, if 17% of OECD workers (102 million who are underemployed) each work 862 hours per year, that is a total of 88 billion hours annually. If the rest of the OECD workforce (498 million persons) works 1,724 hours annually (859 billion hours), then the OECD workforce works around 947 billion hours per year, with the average OECD worker working around 1,578 hours annually. Goods production workers are 27% of the OECD workforce or 162 million workers. If each works 1,578 hours annually, then the OECD goods production workforce works 256 billion hours per year.

The price (*p)* of OECD goods production value-added is US$13 trillion. Non-OECD goods exports to the OECD were worth approximately US$7 trillion. The total value of the OECD goods production sector and the non-OECD goods-exports-to-the-OECD sector is, therefore, US$20 trillion. The total labour required to generate this value was 746 billion hours. The ratio between OECD and non-OECD male wages is 11, with the mean average wage rate pertaining between male workers in the OECD and non-OECD being US$9.25 (see Appendix I). Paid at this average global rate, labour would be paid US$6.9 trillion. The average productivity of labour *(d)* in OECD goods production and non-OECD export-sector goods production according to the conservative methodology utilised is, then, 2.9.

3. Divide the price of non-OECD exports to the OECD at the weighted mean "productivity" by their actual price

If we divide the price of non-OECD exports to the OECD at the weighted mean "productivity" by their actual price we should be able to determine the approximate "real" value of non-OECD imports to the OECD. If we then subtract the actual price from this real price (under hypothetical equal exchange), we should have a reasonable estimate of the value of unequal exchange to the OECD. We can present our formula for determining real value transfer to the OECD from non-OECD country goods imports thus:

$$\frac{t = -vp + vdp + p + evd}{p + evd}$$

where *t* is uncompensated value transfer based on unequal exchange, *v* is the value-added percentage for non-OECD exports, *p* is the total goods value-added produced in the OECD, *d* is the OECD-non-OECD export sector price-value distortion parameter—or OECD-non-OECD "productivity" ratio—and *e* is the actual price of non-OECD goods exports to the OECD passing through customs.[90] Doing so gives a figure of 1.4, which represents a coefficient for the real value of goods exports to the OECD from the non-OECD countries under conditions of equal exchange (equal international distribution of value-added) and where the overall price stays the same. The calculation shows that there is a net value transfer to the OECD of US$2.8 trillion annually *through low-price non-OECD goods imports alone*.

Table VI. International Workforce in 2008 (Millions)[91]

[this table can also be downloaded as a PDF by clicking here]

Area	Agriculture	Industry	Services	Total
OECD	36	124	440	600
Non-OECD	1,500	496	521	2,517

World	1,536	620	961	3,117

Table VII. Global Underemployment in 2005[92]

[this table can also be downloaded as a PDF by clicking here]

Global Per Capita Income Quintile	Percentage of Workers Underemployed
First (Top 20%)	17%
Second (Top 20–40%)	25%
Third (Bottom 60–40%)	45%
Fourth (Bottom 40–20%)	60%
Fifth (Bottom 20%)	81%

Table VIII. Global Value-Added in 2010 ($ Trillions)[93]

[this table can also be downloaded as a PDF by clicking here]

Area	Agriculture	Industry	Services	Total
OECD	0.4	12.4	31.7	44.5
Non-OECD	2.1	5.0	10.6	17.7

World	2.5	17.4	42.3	62.2

II. Unequal Exchange through International Wage Differentials

Assuming the equalization of wages on the basis of an international average wage factor, we can give an estimate of the value of unequal exchange through the relative underpayment of labour-power in the non-OECD countries.[94] The following calculation assumes for the sake of argument that only industrial workers and service workers in the non-OECD countries are paid wages and, further, that fully 50% of all non-OECD industrial and service workers are completely unemployed and do not get paid a wage at all (see Tables VI and VII for global employment data). These assumptions, needless to say, guarantee a very conservative estimate of the value of unequal exchange on the basis of wage differentials. Obviously, if a proportion of goods exports of the non-OECD to the OECD are the product of agricultural wage-labour, then raising the wages of workers in the non-OECD agricultural sector to the global average would mean even greater losses to the OECD countries than is demonstrated here.

Firstly, it is necessary to determine the size of the wage differentials between the OECD and the non-OECD countries (see Appendix I). On the basis of calculations from the Occupational Wages around the World (OWW) and World Salaries databases we find that the mean factoral wage difference pertaining between OECD and non-OECD male employees is 11.

If the average yearly wage of 500 million non-OECD workers in industry and services is around US$3,036 (less for female workers), their wages are worth approximately US$1.5 trillion or 8% of non-OECD GDP in 2010 (see Table VII for global GDP data). Assuming that the average yearly wage of 600 million OECD workers is US$28,536, their wages are

worth approximately US$17 trillion or 38% of OECD GDP in the same year. Therefore, the wage-share of non-OECD export-sector product prices to the OECD is worth US$616 billion (8% of US$7.7 trillion) and the wage-share of OECD export-sector product prices to the non-OECD countries is worth around US$2.8 trillion (38% of US$7.3 trillion).

If wages in the OECD are approximately 11 times higher than wages in the non-OECD countries (that is, their reproduction requires 11 times the labour-power of the non-OECD workforce), we can set wages in the latter at 1 and wages in the former at 11. By doing so, we can calculate an average wage factor.

OECD workers: 600 million at factor 11 = 6.6 billion

Non-OECD workers: 500 million at factor 1 = 500 million

Total number: 1.1 billion at average factor = 7.1 billion

Average Wage Factor: 7.1 billion / 1.1 billion = 6.5

The factor “6.5” represents the median average wage rate pertaining between male workers in the OECD and non-OECD. Paid by means of these average wages the wage-share of the exports would be worth:

Non-OECD wage-share of exports
US$616 billion × 6.5 / 1 = US$4.4 trillion

OECD wage-share of exports
US$2.8 trillion × 6.5 / 11 = US$1.7 trillion

If we now add the median average wage rate pertaining between male workers in the OECD and non-OECD-adjusted totals to the remaining production costs, that is, costs other than wages, we arrive at the following prices of exports:

Exports from non-OECD to OECD:
US$7.7 trillion × 92% + US$4.4 trillion = US$11.5 trillion

Exports from OECD to non-OECD:
US$7.3 trillion × 62% + US$1.7 trillion = US$6.2 trillion

This calculation can be formulated thus:

$$E = PC + \bar{A}$$

where E refers to trade prices under a system of equal exchange based on equivalent wages, P the nominal price of zonal exports, C costs other than wages as a percentage of total production costs and $\bar{A}$ the wage share of exports weighted by average international wages. Therefore, compared to trade prices under a system of equal exchange based on equal wage rates, the monetary gain of the OECD through unequal exchange with the non-OECD countries amounts to:

From low import prices:
US$11.5 trillion - US$7.7 trillion = US$3.8 trillion

From high export prices:
US$7.3 trillion - US$6.2 trillion = US$1.1 trillion

Total Non-OECD value transfer in 2008 = US$4.9 trillion.

The Argument from Capital Export Imperialism and Debt Peonage

The accumulation of capital by competing capitals results in ever higher degrees of its concentration and production being increasingly carried out by one or a few giant conglomerates, that is, monopolies or oligopolies. A monopoly is a capitalist enterprise which is able to dominate national production, setting high prices for its products so as to maximise its profits. As this process advances, industrial capital is transformed into financial capital (principally stocks and bonds) by a handful of powerful trusts and cartels.

Highly concentrated corporations dominating entire industries, that is, oligopolies or monopolies, can conclude agreements amongst themselves as to output, pricing and market share. By charging higher-than-average prices

for their goods and services, these firms can extract higher-than-average profits, or *superprofits*, from consumers (both workers and smaller capitalists). The state under monopoly capitalism implements laws designed to protect corporate interests, and, to protect its primary, home market, finds it expedient to institute welfare state policies designed to secure the political quiescence of its "own" working class. Meanwhile, as the organic composition of capital increases with the rise of monopoly, a rising proportion of the capitalist's revenue must be used to replenish capital outlay as opposed to hiring labour-power.[95] Since the capitalist must save very large amounts of capital to be able to invest in the most advanced technology and accumulate his wealth financially, the ability to pay wages is to that extent restricted. Under conditions of monopoly, only the superexploitation of increasing millions of low-wage workers providing fresh infusions of surplus-value can offset the resultant tendency for the rate of profit to fall. Indeed, the capitalist system has been able to maintain itself in recent decades in no small part because the reintroduction of full-blooded capitalism in the former Soviet Union and Eastern Europe, market reforms in China, and the (dependent) industrialisation of large parts of the Third World have ensured the entry of millions of (super) exploited workers into the global workforce. This has undoubtedly raised the rate of profit by reducing the rate of growth of the organic composition of capital. As *The Economist* magazine noted in 2006:

> The entry of China, India and the former Soviet Union into market capitalism has, in effect, doubled the world supply of workers, from 1.5 billion to 3 billion. These new entrants brought little capital with them, so the global capital-labour ratio dropped sharply. According to economic theory, this should reduce the relative price of labour and raise the global return to capital—which is exactly what has happened.[96]

As production processes become concentrated on a global scale, then, the leading oligopolies compete to reduce labour and raw materials costs. They export capital to the underdeveloped countries in order to secure a high

return on the exploitation of abundant cheap labour and the control of economically pivotal natural resources. As a consequence of capital export imperialism there is a net outflow of value from the Third World to the metropolis.[97] For every sum loaned to Third World industry by the leading investors, a greater sum returns to them in the form of repatriated profits, royalties, services and the repayment of debt and interest. Moreover, capital invested in the global "periphery" commands far greater supplies of value-creating labour than it does in the global core. As such, a greater quantity of surplus-value is obtained by the leading capitalists through their employment of superexploited labour-power. Monopoly or oligopoly compels rival national capitals to conquer larger markets for their goods and to expand production overseas so as to exploit relatively cheap labour. In doing so, more and more of the imperialist country's wealth is created abroad and transferred home by a variety of means (debt servicing, profit repatriation and unequal exchange being the three principal ones).

Alongside capital export imperialism, a related means of extracting surplus-value from the underdeveloped nations is debt servitude or *debt peonage*. Conventionally, debt peonage refers to a means of repaying loans whereby payments are made to a creditor by a peasant relying on her physical labour to create a large enough surplus to do so. In the contemporary world, however, debt peonage has taken on international proportions. Rather than money being invested in projects by foreign corporate or financial interests, money is loaned as "aid" to capitalist states in the Third World. The debt thus incurred by the latter is supplied by the imperialist powers as a means of drawing them into a system of perpetual financial subservience to oligopoly capital.[98] The developed nations have encouraged post-colonial countries to borrow heavily from them since the early 1970s, after the partial failure of ISI strategies and the devaluation of currencies concomitant to neoliberal restructuring. Between 1968 and 1980, total Third World external debt went up twelve times, from US$47.5 billion to more than US$560 billion.[99] Later, between 1980 and 1994, the total debt owed by Third World countries tripled to nearly US$2 trillion. In the earlier period of debt accrual, New York-based investment banks awash

with petrodollars from the USA's Saudi Arabian client state (suitably cowed into submission by military threat), ensured that interest rates on loans rose dramatically, from around 6% to 20%. As a result, Third World countries found themselves using all the money they had set aside for debt repayment to service interest which greatly exceeds the value of the principal loan. Although interest rates since the early 1980s have not been as high as they were in the 1970s, interest accrued since that time is nonetheless due and has itself accrued interest. Meanwhile, the large hard-currency surpluses held by many Third World states have not freed any of them from debt peonage. In 2009, the size of Third World debt rose to a massive US$3.7 trillion.[100]

While peripheral neo-colonised nations are forced to *further* devalue their currencies if they wish to borrow the money required to finance debt repayment programs, loans are initially furnished only on the condition that the indebted country's natural, human and industrial resources are made available for inexpensive sale to oligopoly capital, and that state support for the domestic economy and citizenry (in the form of protective tariffs, public services and resources subsidies, and limits to the export sector) is thoroughly dismantled. The money is lent specifically to build an economic infrastructure that primarily meets the needs of foreign investors in the form of airports, office complexes, police, bureaucracy, military support and so on. Moreover, the loan is supplied as a means of generating demand in the global periphery for core-country goods and services, including essential capital goods. As such, it guarantees the dependency of Third World countries on trade with and investment by the imperialist, creditor countries.

In 2002, the outward FDI stocks of OECD countries were valued at around 22% of OECD GDP.[101] Assuming rates of FDI have remained constant since then, OECD FDI stock was worth approximately US$9.8 trillion in 2009. FDI in non-OECD countries by OECD countries was around 25% of total outward FDI stock in 2002, and therefore worth approximately US$2.45 trillion today.[102] Norwood has calculated using US Bureau of Economic Affairs figures that the average rate of return on US

direct investments in “Latin” America, Africa, Asia and the Pacific was 12.5% (compared to around 9.1% for Europe) in 2009.[103] Therefore, profits from the superexploitation of Third World workers amounted to around US$300 billion in 2009. The non-OECD’s profit repatriation represents a transfer of its labour-time to its OECD creditors. The difference between the nominal value of OECD profit repatriation and its value were the imperialist countries to pay the non-OECD workforce according to the median average wage rate pertaining between male workers in the OECD and non-OECD, with the share of prices other than wages set at the current OECD rate, represents superprofits. Assuming that the share of prices other than wage costs in the OECD is 62%, then the real value of OECD FDI stock going towards the monetary repatriation of superprofits—that is, of financial returns from imperialist capital export—is an estimated US$1.2 trillion (US$300 billion × 62% × 6.5). The difference between repatriated profits and superprofits thus calculated represents surplus value transfer to the rich countries worth approximately US$900 billion (US$1.2 trillion - US$300 billion).

Meanwhile, foreign debt disbursement (that is, the payment of funds that partially or fully settle a debt) was US$536.5 billion for the low- and middle-income countries in 2009.[104] The non-OECD’s foreign debt disbursement represents a transfer of its labour-time to its OECD creditors. The difference between the nominal value of non-OECD debt disbursement and the value of non-OECD debt disbursement in a situation where non-OECD workers were paid at the average global rate represents superprofits received by the OECD. In price terms, were the imperialist countries which received debt payments from the non-OECD to pay the workforce whose labour created it according to the median average wage rate pertaining between male workers in the OECD and non-OECD, with the share of prices other than wages set at current OECD levels, Third World debt servicing would be worth around US$2.2 trillion (US$536.5 billion × 62% × 6.5). The difference between repatriated profits and superprofits thus calculated represents surplus value transfer to the rich countries worth around US$1.7 trillion.

If we add the values of FDI and debt servicing thus calculated, we get a total of around US$2.6 trillion.

Superexploitation and the Inflated Value of OECD Labour-Power

As we have argued, the rate of surplus-value is given by the ratio between *s* and *v*, the rate of profit, meanwhile, being given by the ratio between *s* and *C* (total capital invested, that is, constant capital, *c* + variable capital, *v*, the latter including that part of surplus-value which is expended on unproductive workers' wages). The intra-imperialist rate of profit may, however, be negative if hidden surplus-value from invisible net transfers amounts to more than net profits. In such a case, value-added *(s + v)* is less than wages *(v)* and profits derive only from the exploited nations whilst wages are subsidised by superprofits.[105] If all or most of the profits made in the OECD can be accounted for by superprofits emanating from the non-OECD countries, then none or few of the workers in the OECD are exploited.

According to our calculations (see Appendix II), after accounting for the value of its trade deficit, profits made in the OECD were worth around US$8 trillion in 2009. We may compare this sum with transferred superprofits as calculated above.

OECD Profits as Compared with Uncompensated Value Transfer

Estimated OECD Profits in 2009 = US$8 trillion

Value of Unequal Exchange (based on Equivalent Productivity) to the OECD in 2009 = US$2.8 trillion

Value of Unequal Exchange (based on Equivalent Wage Levels)to the OECD in 2009 = US$4.9 trillion

Average Value of Unequal Exchange
to the OECD in 2009 = US$3.9 trillion

Value of Capital Export Imperialism (based on Equivalent Wage Levels) to the OECD in 2009 = US$2.6 trillion

Value of Unequal Exchange plus Capital Export Imperialism to the OECD in 2009 = US$6.5 trillion

By this measurement, some exploitation of the OECD workforce occurred in 2009, whereby each worker generated around US$2,500 of profits (US$1.5 trillion / 600 million). Meanwhile, in the same year, by our conservative estimate (see first unequal exchange calculation above), around 350 million goods production workers in the non-OECD to OECD export sector each generated around US$18,571 (US$6.5 trillion / 350 million) of transferred superprofits.

To get a better idea of what these monetary figures mean in terms of value transfer, we can compare them to the GDP of the non-OECD countries weighed against the workforce required to create that product.

The Transfer of Labour-Time from the Non-OECD

Value transfer, *VT* to the OECD in 2009 = US$6.5 trillion

Percentage of non-OECD GDP, *NP* accounted for by *VT* = 37%

Non-OECD Workforce (weighted by *NP*) = 925 million

Since the OECD workforce is 600 million strong, this measurement suggests that for every one OECD worker employed, 1.5 non-OECD producers (925 million / 600 million) are working unseen and for free alongside him.

One final point to note is that that the average yearly wage rate for male non-OECD workers in 2007 was US$3,036. We have estimated that there are approximately 350 million non-OECD workers involved in producing goods for the OECD market. If the entirety of OECD profits, around US$8 trillion in 2009, were redistributed to only these workers, their

average yearly wage would be around US$22,857, still 20% less than the average yearly wage for OECD workers (US$28,536), demonstrating further that it is not only monopoly capitalists who enjoy the fruits of superexploitation. Since, moreover, this calculation excludes unproductive-sector workers in the non-OECD and workers there producing exclusively for domestic markets, it is very generous to the First Worldist line.

CHAPTER II.3

CONCLUSION

It is the unavoidable conclusion of the present work that the profits of the capitalist class in the OECD (that is, the "top 1%" fixated on by social-democrats) are largely derived from the superexploitation of the non-OECD productive workforce. Whilst the above calculations indicate that only marginal net *profits* are generated by the OECD (productive) working class (in the absence of superprofits, these would be almost entirely nullified), there is, however, the matter of the wages of the OECD's unproductive workforce to consider.

Since our estimates of transferred superprofits do not cover the reproduction costs of OECD unproductive labour-power *as well as* profits, but only the latter, it may appear that most of the surplus value generated by OECD productive workers goes to pay the wages of the unproductive OECD workforce. Even assuming that the wages of unproductive workers in the OECD are paid for out of surplus value generated by the productive workers in the OECD, it is clear that the OECD working class *as a whole* receives close to the full value of its labour and is, to that extent, what Engels called a "bourgeois proletariat."[106] Yet it must be understood that whilst the present work does not prove that OECD productive workers *do not* produce surplus value, it also does not prove that they do. In fact, were OECD profits to be wholly negated through equal remuneration of labour globally, according to equivalent productivity and/or wage levels, there

would be a precipitate decline in OECD GDP. Capitalism would collapse, at least in the OECD countries. Given such a scenario, it is scarcely tenable to imagine that the tiny productive-sector working class in the OECD could produce enough surplus value to pay the wages of the bloated unproductive sector. The conclusion reached here, moreover, follows from calculations which are *overly* generous to the First Worldist position, despite demonstrating that at least 81% of net profits in the OECD are derived from imperialism. A more reasonable account would surmise that if around 80% of the world's productive labour is performed in the Third World by workers earning less than 10% of the wages of First World workers, that provides not only the net profits of the haute-bourgeoisie in the OECD, but also the economic foundation for the massive expansion of retail, administration and security services therein.

As has been demonstrated above, without superprofits supplementing their incomes, the living standards of all taxable First World workers would decline. However, the stratification of labour brought about by imperialism is not absent from class relations *within* the imperialist countries, despite the clear tendency for colonised minorities therein to also become bourgeoisified, albeit within the oppressive and dehumanizing context of white nationalism. While Euro-socialists often assert that the unity of white and ethnic minority working class populations in the First World would bring much greater material benefits to the white working class than white skin privilege this may not be the case. The cost of paying internally oppressed national-colonial minority workers at the same current rate as their "white" counterparts would seriously restrict US profits, for example. According to the US Census Bureau, in 2008 average annual earnings for year-round full-time Black and Hispanic (the latter mostly Mexican-American and both together constituting 12.3% and 12.5% of the US population respectively) workers aged 15 and older in the US were US$31,900 or 76% that of average white workers' earnings at US$41,700. In 2008, the US had 145.3 million workers, with Blacks and Hispanics making up 25% or 36 million.[107] In the same year, the unemployment rate for whites was 4.1%, for Blacks 7.9% and for Hispanics 6.1%. While the average unemployment rate was thus 6%, the average unemployment rate

for Black and Hispanic workers in 2008 was 7%, giving us approximately 33.5 million Black and Hispanic employees. Since higher Black and Hispanic unemployment rates are the result of national oppression and discrimination, the wages of 1% or 360,000 Black and Hispanic workers must be paid at the white rate in a hypothetical situation of zero internal colonialism. US capitalists would, therefore, have had to pay an additional US$333.2 billion (US$9,800 x 34 million) if Black and Hispanic employees were paid at the average white wage rate in 2008. In that year, US GDP was US$14.2 trillion, with profits around 14% of that (US$2 trillion). Without internal colonialism, the US rate of profit would, therefore, drop to 11.7%.

If, however, we affirm, as we must, that profit represents surplus-value and imagine the US as a perfectly self-contained capitalist economy, 70% of US profits are created by Black and Hispanic workers in "natural resources, construction, and maintenance occupations" (contributing 31.9% of total Black and Hispanic employment or 11 million out of a total sectoral workforce of 14.8 million) and "production, transportation, and material occupations" (contributing 34.9% of total Black and Hispanic employment or 12 million out of a total sectoral workforce of 17.8 million).[108] The 30% of US profits contributed by white workers in these industries would, then, be almost wiped out if a wages hike of 24% caused their Black and Hispanic counterparts to be paid at the same rate.

By the foregoing measures there is absolutely no reason to suppose that the average OECD worker has any material stake in anti-imperialism. As Emmanuel astutely remarked:

> If by some miracle, a socialist and fraternal system, regardless of its type or model, were introduced tomorrow morning the world over, and if it wanted to integrate, to homogenise mankind by equalising living standards, then to do this it would not only have to expropriate the capitalists of the entire world, but also dispossess large sections of the working class of the industrialised countries, of the amount of surplus-value these sections appropriate today. It seems this is reason enough for these working classes not to desire

> this “socialist and fraternal” system, and to express their opposition by either openly integrating into the existing system, as in the United States of America or the Federal Republic of Germany, or by advocating national paths to socialism [sic], as in France or Italy. [109]

Indeed, the metropolitan working class has long struggled to preserve its affluence politically *within* the imperialist state structure and has adopted concomitant ideologies of national, racial and cultural supremacy. As capitalist oligopolies come to dominate global production, workers in the dominant nations are able to secure better life prospects through their monopoly of jobs paying superwages. As such, in the core countries of the global economy a profound basis for *national solidarity* is created between workers and their employers, albeit one conditional upon the imperialist state’s policy of safeguarding “national industry,” “national labour,” and so forth. In threatening the profits of large businesses, banks and corporations, revolutionary class struggle has been successfully contained in the First World through the imperialist ruling-class’ strategy of closing ranks with its domestic workforce against the resistance of a highly exploited and semi-colonised part of the global workforce (today, its major part). By increasing the social mobility of the relatively less, or even *non*-exploited part of the global workforce (distinguished as such by its capacity to politically enforce institutional discrimination against “non-nationals”) oligopoly capitalism is assured of the latter’s active support and/or tacit quiescence while it goes about extracting optimal surplus-value from Third World workers.

As long ago as 1920, in a debate with Lenin over the relative weight of revolutionary struggles in Europe and the colonial world, as well as the correct attitude to be taken toward the colonial national bourgeoisie as a potential ally in the struggle against imperialism, the head of the COMINTERN’s Far Eastern Bureau, Indian Communist M.N. Roy, made the following extremely prescient observation:

> Superprofits gained in the colonies are the mainstay of modern capitalism … By exploiting the masses in the colonies, European imperialism is in a position to make concession after concession to the labour aristocracy at home. While European imperialism seeks to lower the standard of living of the home proletariat by bringing into competition the production of the lower-paid workers in subject countries, *it will not hesitate to sacrifice even the entire surplus-value in the home country, so long as it preserves its huge superprofits in the colonies*.[110]

During economic crises, the corporatist fusion of state and capitalist interests invariably reveals a blatantly *haute-bourgeois* class aspect to imperialism, and the élites' perceived disloyalty to the nation may become a bone of contention for metropolitan labour. As such, the latter typically aims to restrict capital export, immigration, and competitive foreign goods whilst maintaining national hegemony over the countries of the Third World, militarily where necessary. Today, through struggling to mitigate the effects of the recession on its constituents, the First World labour movement is inclined to play down the reality of imperialism. As has been demonstrated by Smith and others, the current crisis of capitalism has deep roots in the cheap inputs and consumer goods leveraged from export-oriented semi-industrialised Third World states from the early 1980s.[111] It was these, alongside huge trade deficits sustained by interest-free "loans" from said states (issued so as to offset the appreciation of their currencies against the dollar, thereby making their exports more expensive and scuppering export-led growth), which allowed oligopoly capital to postpone crisis resulting from its earlier inability to sell as much as it could produce, ensured low interest rates and facilitated the turn towards financial speculation as a profit-making enterprise.

To combat austerity measures demanded by imperialist governments indebted to shareholders after bailing out large banks, measures which clearly damage the living conditions of First World labour, the protectionism advocated by social democrats is certain to ensure retrenchment of the same imperialist structures which have produced the

crisis in the first place. Metropolitan social democracy is geared towards boosting state investment to grow the domestic economy, as predicated on an increase of (1) borrowing and (2) effective domestic demand. This strategy supposes, in the first place, that economic growth can outpace the growth of interest rates. In order for this to occur, this strategy will require the maintenance of the trade deficit of the US as the world's "consumer of last resort," though if the US trade deficit continues to grow at the same rate as effective demand in the Third World, the result will either be unrelenting depreciation of the US dollar relative to Third World currency appreciation (particularly China's yuan) or a world-wide acceleration of inflation.[112] The US has been pressuring China to increase the value of its currency so that US firms are better able to compete both domestically and globally, thus easing its trade deficit (currently swallowing fully 80% of all global savings in the form of foreign purchases of US municipal, state and government bonds).[113] However, although a deflated dollar might improve the position of US exports on the world market, an inflated yuan could harm both US consumers having to pay higher prices for goods made in China—and hence big US retailers—and US firms dependent on importing Chinese parts and labour, potentially resulting in massive US job losses. Although the yuan's appreciation relative to the dollar would diminish the value of China's dollar holdings (worth US$889 billion in 2009 according to the US Treasury Department), in the event of a downturn in exports to the US, China will not have the surplus dollars necessary to buy the government bonds needed to keep the dollar afloat, leading to its further devaluation and lagging US profits.

At the same time, metropolitan social democracy hopes that state-sponsored job creation may generate sufficient effective demand to prevent a slide into global depression. For this to succeed, however, large-scale protectionism, a combination of tariffs and competitive currency devaluation aimed at increasing exports to win a bigger share of the global market, must reduce demand for imports. Not only will such a strategy disrupt the global value chains that are the source of current metropolitan lifestyles, it will also necessitate radical cuts in the unit cost of labour. More

significantly, it will inevitably result in intensified inter-imperialist rivalry (trade wars leading to actual wars, as in the years preceding WWI and WWII) and a drive to colonialist domination as a means of securing protected markets.

The present work affirms that only when global labour stratification is effectively challenged—that is, when agrarian reform and industrial protectionism on the part of the exploited nations has ensured a significant decline in superprofits—will workers in the West once again come to have a material stake in socialism. The best solution for First World workers in favour of peace, justice and progress is the internationalist one of pursuing active solidarity with the exploited Third World workforce. As such, metropolitan labour should join its Third World counterpart in the effort to enforce a global living wage, doing so in the certain knowledge that this will require a downgrading of its own living standards. If such reproletarianisation as might result from the present recession is not, meanwhile, to be accompanied by (1) successful ruling-class revanchism against all forms of social security provision, disproportionately harming the lowest paid and most oppressed workers in the First World, and (2) an increasingly virulent culture of national-chauvinist sentiment against "foreign" or ethnic minority workers, then First World socialists must anticipate a serious ideological and political confrontation with the increasingly militaristic and fractious imperialist class.

There is, however, no sign of such internationalist sentiment taking hold amongst the First World working class. Rather, the greatest opposition to the liberation of the oppressed nations of the Global South from imperialism is likely to come from metropolitan labour itself. Specifically, as the present work has shown, there is a class basis for First World workers to ally with the imperialist class. Not more than a handful of First World workers will be selfless enough to fight their own class interests (as beneficiaries of imperialist superexploitation), whilst many of those that do are likely to be motivated by petty-bourgeois ideologies of *ressentiment*, indolence and lifestyle reformism, rather than a mature grasp of Marxism.

Consequently, the First World working class is not a vehicle for socialism at this time.

In the Third World, the absolute *sine qua non* for development and progress in all social spheres is the construction of a united front bringing together all classes who can be brought together to combat imperialism. To help ensure the oppressed nations effectively disconnect from imperialism and end its parasitic global division of labour, the central political organisations of the exploited workforces of the Third World must struggle with their anti-imperialist allies in the united front (those organizations representing non-proletarian classes) to place themselves in the vanguard. The alliance of workers and peasants against imperialism, and for national sovereignty and proletarian internationalism, remains a central focal point for national liberation strategy in the Third World, particularly in so far as it lays the political groundwork for the socialist development of industry in the countryside. Finally, as we have shown, since the entire population of the imperialist bloc benefits from imperialism to varying degrees, the anti-imperialist united front in the Third World must necessarily confront the First World *in toto*, and not just its haute bourgeoisie.

NOTES TO PART II

[1] Kerswell 2006.

[2] First Worldism is defined here as the sense of entitlement to a superior standard of living—no matter that it is attained through imperialism—of the advanced industrial nations.

[3] There may, however, be some production workers in the major imperialist countries paid substantially below the legally binding minimum wage. The 21 Chinese cockle pickers who died at Morecambe Bay in Lancashire in 2004 are a particularly egregious and tragic example of such illegal exploitation occurring. In this section, the word “exploitation” is

used to indicate a situation where returns to labour are of less value than that which labour creates during the course of production. The word, of course, has other usages such as, for instance, when we refer to the exploitation of a patented invention or of natural resources, the exploitation of a vulnerable or naïve person, or of a loophole in a contract.

[4] Emmanuel 1972, pp. 110–20; Edwards 1978, p. 20.

[5] Smith 2011, p. 30.

[6] Ibid.

[7] Ibid.

[8] I have opted to use the term “Multinational Corporation” (MNC) here, rather than “Transnational Corporation” (TNC), to designate the fact that even the largest firms today are still bound decisively to one or other national economy and state. As Chang (2011, p. 74) notes, most allegedly “transnational” companies remain *national* companies with *international* operations, conducting the bulk of their high-end research and strategizing domestically using home-country nationals. Chang further notes that when these corporations have to shut down factories and cut jobs, they usually do so last at home, for various political and economic reasons.

[9] Grossman and Rossi-Hansberg 2006, quoted in Smith 2010, p. 235.

[10] Chossudovsky 2003, p. 80.

[11] Smith 2010, p. 239.

[12] For example, between 1983 and 1995, FDI by nationally-based MNCs grew five times faster than trade and ten times faster than world output (*The Economist*, June 24, 1995). While it is certainly true that most FDI occurs within and between imperialist countries whose large markets (occasioned by high wages and by monopoly) naturally attract capital, the comparatively small share going to the Third World is by no means insignificant and is, in fact, increasing. In any case, an underdeveloped country cannot hope to develop through large capital investment alone, which must become a mechanism for extracting surplus-value (in the form of repatriated profits

and debt amortisation, for example) and increased dependence via a lop-sided emphasis on exports to advanced economies. Whilst it is very wrong to oppose investment in underdeveloped countries (a position somewhat characteristic of the imperial protectionism and racism of the "anti-corporate" labour aristocracy), then, FDI certainly does not provide a long-term means of development for the Third World.

[13] Kleinert 2004.

[14] Emmanuel 1975, p. 56.

[15] Emmanuel 1986.

[16] Nabudere 1978, p. 224.

[17] Union Bank of Switzerland 2006, p. 10.

[18] Ibid, p. 11.

[19] Liu (2005) notes that in order for US investors to earn the same rate of interest or profit in a country with a PPP differential of four such as China, Chinese wages would have to be four times lower than US wages. Since currency rates are affected by oil prices—one of the only goods with a single price across borders—their rise costs the Chinese economy four times what it costs the US in wages. Thus, the larger the purchasing power disparity, the more dollar hegemony based on petrodollar recycling (whereby it is *de facto* compulsory for countries to pay for oil in US currency) forces down wage differentials.

[20] Marx 1977*c*, pp. 814–5.

[21] Yates 2003, p. 170.

[22] Ibid.

[23] Marx 1977*a*, p. 47.

[24] Weeks 1981, pp. 39, 42–3. The rate of profit is the product of two factors, namely, the rate of surplus-value *(s / v)* and the percentage of total capital advanced *(C)* which is used to hire labour-power or variable capital *(v)* (not all of which is value-creating labour-power). It can be expressed

algebraically thus: $s / C = (s / v) (v / C)$ (Kliman 2007, p. 29). The law of the tendential fall in the rate of profit follows accordingly. If the rate of surplus-value is 200% and the percentage of total capital advanced as variable capital is 20%, the rate of profit is, then, 40%. However, if technological change means that variable capital's percentage of total capital falls to 10%, the rate of profit falls to 20%.

[25] Marx 1977*b*, pp. 758–9.

[26] Kliman 2007, p. 27.

[27] Foley 2003, p. 296.

[28] Marx 1977*a*.

[29] Amin 2011.

[30] Amin 2011. In addition, "unproductive consumption" of surplus-value in the service industries, as well as in the state-funded armaments and public services economy (Department III), may temporarily offset capitalism's tendency to stagnation.

[31] Marx writes: "The prices which obtain as the average of the various rates of profit in the different spheres of production added to the cost prices of the different spheres of production, constitute the prices of production" (Marx 1977*b*, p. 157).

[32] Amin 1979.

[33] Marx 1977*a*, pp. 167–168, my emphasis.

[34] Marx 1977*b*, pp. 241–2.

[35] Albritton 1991.

[36] Patnaik 2011.

[37] Sau 1978, pp. 21–22.

[38] Communist Working Group 1986, p. 97.

[39] Marx 1977*b*, p. 135.

[40] Cf. Marx 1977*b*, pp. 136, 299, 376.

[41] Marx 1968.

[42] Marx 1977*a*, pp. 518–9.

[43] Marx 1977*a*, p. 528.

[44] Shaikh and Tonak 1994, p. 25.

[45] Marx 1968, chapter IV, “Theories of Productive and Unproductive Labour.”

[46] Resnick and Wolff 2006, pp. 206–220.

[47] Savran and Tonak 1999, pp. 123–28.

[48] Itoh 1988, p. 227.

[49] Marx 1968, p. 165.

[50] Marx 1977*b*, p. 286.

[51] Marx 1972, pp. 292–3.

[52] Marx 1968, p. 157.

[53] Quoted in Sinha 1997, pp. 125–130.

[54] Marx 1968, p. 194.

[55] Amin 1976, p. 244.

[56] Grossman 1992, p. 153.

[57] Quoted in Zavarzadeh 1995, p. 1.

[58] Marx 1973, pp. 272–3.

[59] Marx 1968, p. 153.

[60] Kay 1989.

[61] Ibid. (cf. De Oliveira 1973).

[62] Ibid. (cf. Deere and de Janvry 1979).

[63] Ibid. (cf. De Oliveira 1973, p. 443).

[64] Ibid. (cf. Cockcroft 1983, p. 92; de Janvry and Garramón 1977; Frank 1978, pp. 243–4).

[65] Ibid., p. 115.

[66] Werlhof 2000.

[67] Zarembka 2002.

[68] Marx 1977*c*, p. 238.

[69] Bukharin 1973, p. 84.

[70] Bettelheim 1972, p. 271.

[71] Emmanuel 1972, p. 64.

[72] Amin 1997.

[73] Amin 2012.

[74] Marx 1973, p. 872, cf. Dussel 1990, p. 72.

[75] Amin 1976, p. 131.

[76] Ibid, p. 71.

[77] The income gap between the fifth of the world's people living in the richest countries and the fifth in the poorest was 74 to 1 in 1997, up from 60 to 1 in 1990 and 30 to 1 in 1960 (United Nations 1999).

[78] Kerswell 2006.

[79] Henryk Grossman quoted in Dussel 1990, p. 66. See also Sau 1978, p. 48.

[80] Dussel 1990, p. 77.

[81] Ibid, p. 67.

[82] Dussel 1990, pp. 78–9.

[83] Sau 1978, pp. 164–5.

[84] De 2006.

[85] Data calculated from World Bank 2012 and "Regional International Trade," *The Economist* 2010, p. 27. According to McGrew (2008, p. 283), 59.2 % of total developing country exports are to the OECD.

[86] Data calculated from Economic and Social Research Institute Japan (2006*a*) and (2006*b*, Figure A2.1 "OECD imports of intermediate goods, parts and components from non-OECD countries," p. 10); and United Nations COMTRADE database. ASEAN is the Association of South Eastern Nations (Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Burma (Myanmar), Cambodia, Laos, and Vietnam) and Mercosur is a Regional Trade Agreement (RTA) between Argentina, Brazil, Paraguay and Uruguay.

[87] Mazumdar 2001, p. 210.

[88] Alfaro and Hammel 2007. It must be noted, however, that of the 79 countries sampled in this study, Greece, Mexico, Portugal, Israel and New Zealand are OECD countries.

[89] Smith 2008, p. 21.

[90] See Anonymous 2007. My figures for the calculation are as follows:

$((-1 \times 0.35 \times 13) + (0.35 \times 2.9 \times 13) + 13 + (7 \times 0.35 \times 2.9)) \ / \ (13 + (7 \times 0.35 \times 2.9)) \ = \ 1.4$

[91] Data calculated from http://stats.oecd.org; Köhler 2007, p. 24; Smith 2008, pp. 4–5; and International Labor Organisation (ILO) LABORSTA database.

[92] Köhler 2005, based on International Labor Organisation (ILO) LABORSTA database figures. Underemployment is here defined as the inability of a section of the labour force to obtain paid employment. Köhler writes: "[The] degree of informal employment in a country tends to be correlated with the agricultural nature of the country. [The] countries with the highest rate of regular employment tend to have the lowest proportion of agricultural employment and, vice versa, the countries with the lowest

regular paid employment tend to be the ones with the highest rate of agricultural employment. (The correlation is r = 0.85.)”

[93] Regional GDP data based on United Nations estimates (see http://unstats.un.org/unsd/snaama/dnltransfer.asp?fID=2). Approximate regional GDP estimates calculated from a sample of 62 countries’ value added by activity as percentage of national GDP (*The Economist* 2010, pp. 110–242). The countries sampled were: (OECD) Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Japan, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, South Korea, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States; (non-OECD) Algeria, Argentina, Bangladesh, Brazil, Bulgaria, Cameroon, Chile, China, Colombia, Cote d’Ivoire, Egypt, Hong Kong, India, Indonesia, Iran, Kenya, Latvia, Lithuania, Malaysia, Morocco, Nigeria, Pakistan, Peru, Philippines, Romania, Russia, Saudi Arabia, Singapore, Slovenia, South Africa, Taiwan, Thailand, Turkey, Ukraine, United Arab Emirates, Venezuela, Vietnam and Zimbabwe. Agriculture includes farming, fishing, and forestry. Industry includes mining, manufacturing, energy production, and construction. Services cover government activities, communications, transportation, finance, and all other private economic activities that do not produce material goods.

[94] This calculation is based on a similar one in Communist Working Group 1986, pp. 138–40.

[95] A greater ratio between capital outlay and wages may result from the increased materialised composition of capital (that is, fixed capital costs) or due to the diminishing share of wages in total capital outlay. Whereas in the first case, the rate of profit is threatened by a diminution of the living labour involved in production, in the second case it may be buoyed by the diminution of necessary labour costs (rising surplus value). However, it must be understood that the latter is typically the result of the greater productivity of labour in those industries producing workers’ subsistence goods. In the capitalist world system, reduced labour costs have always

been associated with the extortion of subordinate peasantries and the (related) superexploitation of dependent wage-labour.

[96] *The Economist*, "More pain than gain. Many workers are missing out on the rewards of globalisation," September 14, 2006, available at: http://www.economist.com/node/7878071.

[97] Roxborough 1983, p. 58.

[98] Other forms of debt held by Third World countries include hard currency loans to the private sector (particularly significant in causing the 1994 Tequila crisis and the 1997 "Asian contagion") and domestic debt markets. However, whereas when a Third World state borrows money from an imperialist power it must repay the loan one way or another, lenders tend (in principle) to lose their money when loans to the private sector turn bad. Within the OECD itself, a debt crisis threatens the livelihoods of the more peripheral European nations. So far, there is little sign of their turning toward an anti-imperialist (anti-capitalist world-system) resolution.

[99] McNally 2011, p. 98.

[100] Doran 2012, p. 54.

[101] Economic and Social Research Institute Japan 2006*a*.

[102] Ibid.

[103] Norwood 2011. The rate of return is measured by dividing income in that year by the average of that year's and the previous year's stock of investment (historical cost basis).

[104] World Bank 2010, pp. 50–1.

[105] Jaffe 1980, pp. 114–15.

[106] Marx and Engels 1955, p. 132

[107] US Census Bureau 2008.

[108] Ibid.

[109] Emmanuel 1976, p. 71.

[110] Roy 1984, p. 219, my emphasis. For a fascinating study of Roy's uneven political development, see Haithcox 1971.

[111] Smith 2008.

[112] Li 2008, p. 82.

[113] Crooks 2004.

III. THE IDEOLOGY OF GLOBAL WAGE SCALING

This section critiques three explanations for global wage scaling (that is, the radically divergent remuneration of workers for the same labour on a global scale), commonly to be found across the Western political spectrum, including on the Eurocentric "left." It establishes that explanations for global wage differentials, postulating their basis in relative (dis)advantages in *productivity*, *skill levels* and/or *workers' militancy*, are both theoretically and empirically flawed. Rather than providing insight into the appropriate policies through which First World wage levels might be attained elsewhere in the world, such explanations articulate a conservative ideology of international relations favouring the word's upper income quintile. Before proceeding, we must examine the argument that radical global wage differentials are not and cannot be predicated upon imperialism.

CHAPTER III.1

CAPITAL EXPORT AND IMPERIALIST DENIALISM

It is frequently claimed by First Worldist "socialists" that profits earned in the Global South by multinational corporations are negligible compared to the total wage bill of the developed nations' working class.[1] Amongst Western economists, socialist and otherwise, the chauvinistic idea that the superexploitation of Third World labour is today largely irrelevant to capital accumulation is all-pervasive. Thus economist Raphael Schaub writes: "The data reveals that most of the FDI stock is owned by and is invested in developed countries … FDI stock and flows have increasingly been concentrating in the industrialized countries since the 1960s."[2] British socialists Ashman and Callinicos concur that "the transnational corporations

that dominate global capitalism tend to concentrate their investment (and trade) in the advanced economies … Capital continues largely to shun the Global South."[3] However, Smith provides the following reasons as to why this interpretation—based as it is "on an uncritical regurgitation of deeply misleading headline statistics"—is wrong and how "far from 'shunning' the Global South, northern capital is embracing it and is becoming ever-more dependent on the superexploitation of southern low-wage labour."[4]

First, nearly 50% of manufacturing FDI is received by the developing economies (US$82.1 billion between 2003 and 2005 compared with US$83.7 billion to developed countries). Meanwhile, FDI within the developed world is hugely inflated by non-productive "Finance and Business" activities (US$185 billion, or more than twice the inward flow of manufacturing in the period cited).[5] Moreover, intra-OECD manufacturing (particularly in those MNCs which have offshored or outsourced much of their production processes to low-wage nations) is heavily dependent upon capital infusions from the Third World. Smith cites the example of the restructuring of Royal Dutch Shell having increased the UK's inward FDI by US$100 billion even though nearly all of Shell's oil (and, he adds, profit) production takes place in Latin America, Central Asia and the Middle East. US scholar Charles Post claims that only 4% of global Fixed Capital Formation takes place in the Global South.[6] Yet, assuming that this estimate is correct, the World Bank data it is based upon is not for gross fixed capital formation, but for gross capital formation, the latter including inventories and additions to stock, and the former based purely on fixed assets. In any case, Post's reliance on this figure to show the backwardness of Third World production is indicative of a Eurocentric misunderstanding of the purpose of imperialism, which is to siphon and extort surplus-value from foreign territories. That imperialism is moribund and to a great extent holds back the full development of the productive forces has long been noted by its critics. Where oligopolies dominate Third World markets there is not the same urgent imperative to replace cheap labour with expensive machinery.

Secondly, whilst the US, Europe and Japan (the global core's "Triad") invest in each other at roughly equivalent rates, there is no investment flow from the Third World to the developed world to match investment from the

latter to the former. Whereas "repatriated profits flow in both directions between the US, Europe and Japan, between these 'Triad' nations and the Global South the flow is one-way."[7] So much is this the case that profit repatriation from South to North now regularly exceeds new North–South FDI flows. French Marxist economist Pierre Jalée has previously described this process of "decapitalising" the Third World:

> There are many well-meaning people, both in the imperialist countries and the Third World, who still have illusions as to the usefulness of private investment in the underdeveloped countries. It is simple to make the following calculation. A foreign private enterprise sets up in a Third World country where it makes a regular, yearly profit of 10% on its investment. If the whole of these profits are transferred abroad, at the end of the tenth year an amount equal to the original investment will have been exported. From the eleventh year onwards, the receiving country will be exporting currency which it has not received; in twenty years it will have exported twice as much, etc. If the rate of profit is 20% instead of 10% the outflow will begin twice as early. If only half the profits are exported the process will be only half as rapid. This example is a somewhat oversimplified hypothesis, but reflects reality. There is no end to the loss [of Third World capital] through such outflows, except nationalisation or socialisation of the enterprises.[8]

Smith also makes the point that much supposed "South–South" FDI is, in fact, "North–South" FDI.[9] Not only is it the case that US and UK MNCs using profits earned in one Third World country to finance investments in another show the FDI as originating in the former,[10] but 10% of Southern FDI originates from the British Virgin Islands, the Cayman Islands and other offshore tax havens and, hence, likely originates from imperialist sources.

Third, FDI flows are purely quantitative and say nothing about the type of economic activity they are connected to. As such, mergers and acquisitions, merely representing a change in ownership, should be distinguished from "Greenfield" FDI in *new* plant and machinery. Whilst intra-OECD FDI is dominated by mergers and acquisitions activity, between 2000 and 2006, 51% of all Greenfield FDI was North–South.[11]

Fourth, and perhaps most significantly for the present purposes, undue fixation on FDI flows as a means of calculating the value of imperialist superexploitation to the capitalist system and to the wealth of the developed nations, ensures that obscured from view are the tens of thousands of Third World-owned factories whose hundreds of millions of workers supply inexpensive intermediate inputs and cheap consumer goods to the imperialist countries via the vertical integration of production.[12] Rather than FDI being the major means of securing this supply, outsourcing and subcontracting by MNCs has become a prevailing mode of monopolistic capital accumulation in recent decades.

Fifth, data on FDI stocks and flows are given in dollars converted from national currencies at current exchange rates. However, a dollar invested in a Third World country typically buys much more resources than a dollar invested in the First World (see Appendix IV). Measuring the value of Southern FDI in PPP dollars, we find that UNCTAD totals must be multiplied by a factor of 2.6 (the weighted average PPP coefficient between the OECD and non-OECD countries). Moreover, as Marxian economists David Harvie and Massimo de Angelis highlight, whereas in the US $20 commands one hour of labour time, in India the same US$20 is sufficient to put ten people to work each for ten hours.[13] Thus, between 1997 and 2002 some US$3.4 trillion of intra-imperialist FDI flows commanded 190 billion labour-hours at just under US$18 per hour. Meanwhile, some US$800 billion of FDI flowing into the Third World commanded 330 billion hours at US$2.40 per hour (an average labour–cost ratio of 7.5:1). As such, the 19% of the global total of FDI that went from the North to the South in this period comprised 63% of total “labour commanded.”[14]

Finally, it is vital to understand that criticisms of the capital export theory of imperialism ignore the fact that investment in core nations is predicated upon the domination of global industry by a few giant firms or oligopolies. Amin cites five major sources of oligopoly superprofits through which competitive production in the Third World is curtailed, value is transferred *sui gratis* from the Global South to the North and polarisation between the rich and poor nations is extended and intensified.

¶ Technological monopolies sustained mainly by state control, military spending in particular;

¶ Financial control of worldwide markets ensuring that national savings are subject to international banking interests based largely in the developed countries;

¶ Monopolistic access to the planet's natural resources;

¶ Media and communication monopolies provide developed countries with a crucial means by which to manipulate political events; and

¶ Monopolies over weapons of mass destruction, particularly by the United States, ensure that Third World states are literally forced to comply with imperialist diktat.[15]

The acceptance of capitalist accounting figures at face value—that is, without critiquing their real world significance—can only lead to the absurd position that the world's largest capitals have practically no interest in the Third World and that the most exploited workers in the world (that is, those whose higher productivity supposedly generates the biggest profits) are also the world's richest. As such, a price-based, as opposed to value-based, analysis of export investment patterns in the imperialist age is bound to miss the fact that the rate of surplus-value in peripheral capitalist countries is many times greater than that prevailing in the metropolitan nations.

CHAPTER III.2

WORKERS' MILITANCY AND GLOBAL WAGE DIFFERENTIALS

As an explanation for global wage differentials the relative intensity of class struggle internationally cannot be dismissed out of hand. Paige notes that class conflict in advanced capitalist societies typically centres on the distribution of income *from* property, as opposed to ownership *of* property.[16] This involves a

well-organised and class conscious working class confronting an economically powerful elite able to bargain and make concessions over wages.

The ability of industrial capitalists to do so, however, is constrained by lagging profit rates caused by overaccumulation/overcapacity, loosening control over international trade, political instability accompanying systemic militarism and repression and/or dependence on servile or semi-proletarian labour.[17] Where stagnation ensures wage rises cannot be afforded painlessly out of economic growth, pressures to increase investment highlight the need to raise profit margins at the expense of wages, and/or the need to balance trade limits employers' ability to finance money wage increases out of price inflation, there is a potential for successful socialist struggle.[18] Otherwise, the likely outcome of such conflict is "a reformist social movement focused on limited economic questions."[19]

However, ultimately, it is successful class struggle waged by capitalists *globally* which makes it possible for struggles over public ownership and workers' control of property (specifically, the means of production) to be relatively muted and convivial in the imperialist countries. The historical accumulation of transferred surplus-value in the advanced industrial countries ensures that retailers there can expect to receive a much higher price for their wares than in the Third World. As such, employers can afford to pay core-nation workers higher wages, thus contributing to the high value added to their product in the subsequent phase of expanded capitalist reproduction. It is this which enables the maintenance of metropolitan labour's distinctly "middle-class" (by global economic standards) status.

According to the United Nations, in 2006 Britain had the world's third-highest average wealth of US$126,832 (£64,172) per adult, after the United States and Japan. The income gap between a rich country like Britain and the poorest fifth of countries grew from around 54-to-1 in 1980 to 75-to-1 in 1999, or by 28%.[20] Yet this growing gap between British and Third World incomes cannot have been the product of more militant class struggle by the British working class, since the number of stoppages due to strikes in the UK economy fell by an average 4.5% a year during the same period (from 2,100 in 1979 to 200 in 1999).[21] By contrast, since the second half of the 20th century, US imperialism has frequently had to intervene militarily to stabilise dependent

capitalist oligarchies against democratic forces across the Third World. World systems theorist and professor of Political Science Arno Tausch and historian and critic of US foreign policy William Blum have each provided comprehensive surveys demonstrating the extent of US military and CIA interventions designed to do away with the actuality or potentiality of socialist advance, especially in its Third World storm centres.[22] These include:

> ¶ 134 small and big, global and domestic, US interventions in the 111 years from 1890–2001, with an average of 1.15 interventions per year before the end of WWII, and an average of 1.29 after that. In the period after the end of the "Cold War," there are 22 interventions, i.e. an average of 2.0 per year.
>
> ¶ 70 global interventions from 1945, in chronological order: China 1945–1951, France 1947, Marshall Islands 1946–1958, Italy 1947–1970s, Greece 1947–1949, Philippines 1945–1953, Korea 1945–1953, Albania 1949–1953, Eastern Europe 1948–1956, Germany 1950s, Iran 1953, Guatemala 1953–1990s, Costa Rica 1950s, 1970–1971, Middle East 1956–1958, Indonesia 1957–1958, Haiti 1959, Western Europe 1950s–1960s, British Guyana 1953–1964, Iraq 1958–1963, Soviet Union 1940s–1960s, Vietnam 1945–1973, Cambodia 1955–1973, Laos 1957–1973, Thailand 1965–1973, Ecuador 1960–1963, Congo-Zaire 1977–1978, Algeria 1960s, Brazil 1961–1963, Peru 1965, Dominican Republic 1963–1965, Cuba 1959– , Indonesia 1965, Ghana 1966, Uruguay 1969–1972, Chile 1964–1973, Greece 1967–1974, South Africa 1960s–1980s, Bolivia 1964–1975, Australia 1972–1975, Iraq 1972–1975, Portugal 1974–76, East Timor 1975–1999, Angola 1975–1980s, Jamaica 1976, Honduras 1980s, Nicaragua 1978–1990s, Philippines 1970s, Seychelles 1979–1981, South Yemen 1979–1984, South Korea 1980, Chad 1981–1982, Grenada 1979–1983, Suriname 1982–1984, Libya 1981–1989, Fiji 1987, Panama 1989, Afghanistan 1979–1992, El Salvador 1980–1992, Haiti 1987–1994, Bulgaria 1990–1991, Albania 1991–1992, Somalia 1993, Iraq 1990s, Peru 1990s, Mexico 1990s, Colombia 1990s, Yugoslavia 1995–1999, Afghanistan 2001– , Iraq 2003– , Libya 2011;

¶ Bombings in 29 cases: China 1945–1946, Korea/China 1950–1953, Guatemala 1954, Indonesia 1958, Cuba 1960–1961, Guatemala 1960, Vietnam 1961–1973, Congo 1964, Peru 1965, Laos 1964–1973, Cambodia 1969–1970, Guatemala 1967–69, Grenada 1983, Lebanon and Syria 1983–1984, Libya 1986, El Salvador 1980s, Nicaragua 1980s, Iran 1987, Panama 1989, Iraq 1991– , Kuwait 1991, Somalia 1993, Sudan 1998, Afghanistan 1998, Yugoslavia 1999, Afghanistan 2001– , Iraq 2003– , Libya 2011;

¶ Assassinations, attempted or successful, of leaders including heads of state, were tried in 35 cases, and assistance in torture was given in 11 countries;

¶ Actions against leaders who once worked with the USA: Pol Pot, Manuel Noriega, Saddam Hussein, Mohammed Aidid and Osama bin Laden;

¶ 23 countries where the US was “perverting elections,” and interfering with a democratic process: Italy 1948–1970s, Lebanon 1950s, Indonesia 1955, Vietnam 1955, Guyana 1953–1964, Japan 1958–1970s, Nepal 1959, Laos 1960, Brazil 1962, Dominican Republic 1962, Guatemala 1963, Bolivia 1966, Chile 1964–1970, Portugal 1974–1975, Australia 1974–1975, Jamaica 1976, Panama 1984, 1989, Nicaragua 1984, 1990, Haiti 1987–1988, Bulgaria 1991–1992, Russia 1996, Mongolia 1996, Bosnia 1998.[23]

In order to maintain control of the world economy, its financial markets and its human and natural (primary and energy) resources, the US military is currently deployed to more locations than ever before, with 156 countries hosting 255,065 US troops and 63 having US bases and troops.[24] The idea that global wage differentials are the product of militant class struggle by the First World working class is, on the evidence of the geography and forensics of imperialist intervention, far from convincing.

CHAPTER III.3

PRODUCTIVITY AND GLOBAL WAGE DIFFERENTIALS

As with the previous apologia for global wage differentials, the one based on the allegedly superior productivity of First World workers possesses a kernel of truth. For the past century and more, wage levels have indeed risen for workers in the wealthiest countries alongside the development of the productive forces.

In general terms, productivity is determined by the level of development of the productive forces and is conditioned by the relative efficiency of technology and the organisation of production. As such, productivity is measured as the secular relation between output and the direct labour required to produce it. In standard capitalist accounting, however, productivity (on a national or regional level) is defined as the total price of final goods and exports (minus the total price of intermediate and capital goods imports) divided by either total labour time or by the unit cost of labour.

Although increased productivity results in the creation of more use-values per unit of time, only the intensified consumption of labour power can generate added (exchange) value. Since wages are not the price for the *result* of labour but the price of *labour-power*, higher wages are not the consequence of (short-term) productivity gains accruing to capital. Rather, in a capitalist society, the product of machinery belongs to the capitalist, not the worker, just as in a feudal or tributary society, at least within the *demesne*, the product of the soil belongs to the landlord, not the peasant:

> Marx demonstrates that machinery merely helps to lower the price of the products, and that it is competition which accentuates that effect; in other words, the gain consists in manufacturing a greater number of products in the same length of time, so that the amount of work involved in each is correspondingly less and the value of each proportionately lower. Mr. Beaulieu forgets to tell us in what respect the wage earner benefits from seeing his productivity increase when the product of that increased productivity does not belong to him, and

> when his wage is not determined by the productivity of the instrument [machine].[25]

The "productivity" of labour-power may be defined in two ways. First, productivity can be defined in terms of the *use-values* workers create—typically, that is, according to the volume of goods produced per unit of labour. This definition is decisive in determining the difference between *concrete and abstract labour*.

For Marx, socially-necessary labour is the average amount of *concrete labour* required to produce a given commodity. In commodity society, however, socially necessary labour must appear in the form of an exchange-value, whose content is undifferentiated human labour, that is, labour abstracted from its concreteness, or *abstract labour*. Equalisation of the very different concrete labours required to produce different commodities (for instance, the product of a miner's, a tailor's or a factory worker's labour) requires the homogenisation of different concrete labours, that is, abstraction from their specific concrete form. Marxist economist Isaak Rubin put this clearly:

> [As] opposed to a patriarchal family or a feudal estate, where labour in its concrete form had a directly social character, in commodity society the only social relation among independent, private economic units is realised through a many-sided exchange and equalisation of the products of the most varied concrete forms of labour, i.e., through abstraction from their concrete properties, through the transformation of concrete into abstract labour.[26]

From this it follows that the magnitude of exchange-value is given not by the quantity of concrete labour required to produce any particular commodity or commodities, but by the average socially necessary human labour (abstract labour) required to produce the sum value of *all* commodities.

The use-value definition brackets the origin of productivity, neglecting that it is only living labour and not machinery or constant capital which adds value. According to Marx, an hour of average socially necessary labour always yields an equal amount of value independently of variations in physical

productivity,[27] hence the tendency for labour-saving technological change to depress the rate of profit. *Constant capital*, identified with the means of production, is that portion of capital that does not expand its value during the course of production:

> [The] means of production transfer value to the new product so far only as during the labour-process they lose value in the shape of their old use-value. The maximum loss of value that they can suffer in the process is plainly limited by the amount of the original value with which they came into the process, or in other words by the labour-time necessary for their production. Therefore the means of production can never add more value to the product than they themselves possess independently of the process in which they assist. However useful a given kind of raw material, or a machine, or other means of production may be, though it may cost £150, or say 500 days' labour, yet it cannot, under any circumstances, add to the value of the product more than £150. Its value is determined not by the labour-process into which it enters as a means of production, but by that out of which it has issued as a product. In the labour-process it only serves as a mere use-value, a thing with useful properties, and could not therefore transfer any value to the product unless it possesses such value previously.[28]

Variable capital, identified with wage-labour or labour-power, is, by contrast, that portion of capital which creates additional value during the course of production:

> While the labourer, by virtue of his labour being of a specialized kind that has a special object, preserves and transfers to the product the value of the means of production, he at the same time, by the mere act of working, creates each instant an additional or new value. Suppose the process of production to be stopped just when the workman has produced an equivalent for the value of his own labour-power, when, for example, by six hours' labour, he has added a value of three shillings. This value is the surplus of the total value of the product over the portion of its value that is due to the means of production. It is the only original bit of value formed during this process, the only portion

> of the value of the product created by this process. Of course, we do not forget that this new value only replaces the money advanced by the capitalist in the purchase of the labour-power and spent by the labourer on the necessities of life. With regard to the money spent, the new value is merely a reproduction; but nevertheless it is an actual, and not, as in the case of the means of production, only an apparent reproduction. The substitution of one value for another, is here effected by the creation of new value.[29]

According to Marx, then, an hour of average socially necessary labour always yields an equal amount of value independently of variations in physical productivity. However, Marx qualifies this in two ways, firstly by considering differences in labour intensity. This may be left to one side for present purposes, although labour performed in the Third World is likely much more intense than that performed in the First World. Secondly, Marx recognises a distinction between skilled, or complex labour and simple labour, and the actual social process of reduction of the former to the latter. Marx, of course, regarded this as a transient problem, destined to fade into insignificance as capitalism deskilled living labour through mechanisation, which he assumed would result in the eventual elimination of inequalities between different groups of workers. Yet capitalism-imperialism has produced the very opposite result—a global proletariat stratified and segmented into a national and “racial” hierarchy. The theoretical question this development poses is: how do these actual conditions of imperialist capitalism affect the reduction of concrete to abstract labour? We affirm here that the law of value continues to operate under imperialism. In the first place, although competition is attenuated under monopoly capitalism in so far as the largest firms are able to optimize profits by controlling output and maintaining high monopoly prices, at the same time rival firms are compelled to apply advanced techniques to production, albeit using very low-wage labour. More than this, however, it is apparent that the contradiction identified above between concrete and abstract labour parallels Marx’s conceptual contrast between the forces and the relations of production, in this case, those of advanced capitalist society. It is this contradiction, one which ensures that the popular masses are unable to utilise the most advanced production techniques available to society for their own benefit, which led Lenin to describe imperialism as moribund, decadent and parasitic. Yet short of

their revolutionary termination, the economic effects of these attributes of monopoly capitalism must be considered part and parcel of the average socially necessary labour time required for commodity production. Clearly, from a social perspective, it is foolish to have the bulk of global production done in Asia, Africa, and Central and South America so that the world's "golden billion" (Russian "золотой миллиард") can engage in much less gruelling and poorly-paid work. Shipping commodities across the ocean when they could perfectly well be made near the place of consumption is obviously wasteful. That this can be justified from the profit-centred perspective of imperialism does not, however, mean that what Baran and Sweezy refer to as "economic surplus" is distinct from surplus-value.[30] Rather, the latter is simply a *component* of surplus-value, though certainly not a small one. It is, unfortunately, socially necessary—*under present conditions*—to waste colossal amounts of resources on distribution, advertising, war and other manifestations of imperialist decadence. From a capitalist perspective, these must be considered as much a part of production costs as other aspects of commodity production, socially beneficial or otherwise.

The second principal definition of "productivity" is the (exchange) *value* definition. This measures productivity in terms of the market value generated by each unit of labour (whether in terms of labour time or cost). Whilst most left theorists have for a long time fallen into the habit of confusing productivity and exploitation, gauging both on a *national(ist)* basis and purportedly proving that the most exploited workers in the world are those of the developed nations, in the context of global imperialism, value creation and distribution must instead be examined as an *international* process. As Jedlicki argues, "value-added" data already incorporates those wage and capital differentials which Western "socialists" justify in the name of superior First World "productivity." In doing so, "a demonstration is carried out by using as proof what constitutes, precisely, the object of demonstration."[31]

The much-vaunted superior "productivity" of First World workers is regularly used by some socialists to justify the prevailing unequal global wage system. Bracketing the difficulties involved in using value-added figures on productivity to measure rates of exploitation and global value transfers, we may placate defenders of global wage differentials and assume for the sake of

argument that productivity can be defined in purely price-based terms. Correcting for divergences in productivity on this conservative basis, we nonetheless find that divergences in wages exceed these such that there is a huge, uncompensated transfer of value from the neo-colonial periphery to the imperialist centre of the world economy.

In Table IX, “effective” producers (including peasants and self-employed farmers) are defined as the full-time equivalent workforce employed in goods production divided, in the case of the non-OECD, by a global productivity factor, with “productivity” defined as the total market value of the output divided by total labour-hours in material production. The table delineates the global “effective workforce” responsible for creating the entirety of value in the capitalist world system but for which there exist radically divergent rewards for its constituent parts at equivalent “productivity.”

It should be noted that the non-OECD agricultural workforce has been compared here with the total OECD workforce and no special account has been made of the semi-feudal aspect of Third World agriculture. As such, we certainly underestimate the abstract labour Third World agriculture supplies the world market, given the fully capitalist and industrialised character of much non-OECD agricultural production. Although much of this takes place within outmoded production formations, due to the overarching economic predominance of capital the surplus labour of petty producers is nonetheless turned into profit. Indeed, despite the numerical preponderance of so-called subsistence farmers therein (most of whom are, in fact, directly involved in the small-scale production of commodities), the primary sector in the Third World is organised along definitely capitalist lines. As Amin wrote in 1974:

> The exports of the Third World are not in the main agricultural products from backward sectors with low productivity. Out of an overall total of exports from the underdeveloped countries of $35 billion (in 1966), the ultramodern capitalist sector (oil, mining and primary processing of minerals, modern plantations—like those of United Fruit in Central America or Unilever in Africa or Malaya, etc.) —provides at least three-quarters, or $26 billion.[32]

To clarify, “effective workers” in Table IX below are only those “value producers” (that is, workers in agriculture and industry) that are employed as full-time equivalents (see Tables VI and VII for data on average working hours globally). In the case of the OECD, the “effective workforce” does not include those 17% of the total “value producers” whom the ILO terms “underemployed.” By presupposing that the “underemployed” workforce of the OECD are entirely unemployed, adding no value whatever to the global product, we assume maximal OECD productivity, that is, we assume that less labour is required to produce total OECD value-added than may actually be the case. By subtracting the “underemployed” portion of OECD “value producers” (160 million in total) we are left with an “effective” OECD production workforce of 133 million.

Table IX. Transferred Surplus-Value in 2010

[this table can also be downloaded as a PDF by clicking here]

Area	Value Producers (mill.)	“Effective” Value Producers (mill.)	Value-Added *(A)*	Income & Percentage of World Income	Wages *(W)* ($tr)	Surplus Value *(S)* *(A - W)* and *(S/W)*
OECD	133	133	133 / 205 of $62.2 tr = $40.4 tr	$44.5 tr (72%)	14.2	$26.2 tr *S/W* = 1.8
Non-OECD Agriculture	675	20	20 / 205 of $62.2		0.3	$5.8 tr *S/W*

			tr = $6.1 tr			= 19.3
Non-OECD Industry	248	52	52 / 205 of $62.2 tr = $15.7 tr		0.8	$14.9 tr *S/W* = 18.6
Non-OECD Total	923	72	$21.8 tr	$17.7 tr (28%)	1.9	$19.9 tr *S/W* = 0.5
World	1,056	205	$62.2 tr	$62.2 tr	16.1	$46.1 tr

The same methodological procedure applies when calculating the non-OECD "effective workforce" in, respectively, agriculture and industry, except that here the weight function is not only, as before, the average rate of underemployment, but is a coefficient representing the "productivity" of the non-OECD full-time equivalent workforce relative to their OECD counterparts. Wages totals for both the OECD and non-OECD, respectively, include the wages of non-productive workers in services calculated at the average rate (these being paid out of the surplus-value created by the productive workforce). In the case of the non-OECD area, assuming the same non-OECD unemployment rate as in industry of 50%, there are approximately 261 million full time-equivalent services workers earning an average US$3,036 annually, a yearly wage total of nearly US$800 billion (see Appendix I for wages data). This is added in the table to the wages total for non-OECD industry and agriculture to arrive at a non-OECD wages total of US$1.9 trillion.[33]

As we have observed, countries wherein agriculture provides the largest component part of the workforce have much higher levels of underemployment (see Table VII, footnote). On this basis, we may give a rough estimate for non-OECD agricultural *unemployment* as 55%. If 55% of its agricultural workforce is unemployed, 675 million full-time equivalent agricultural workers in the non-OECD area create a value of US$2,100 billion (US$3,111 per worker annually) (see Table VIII for global GDP data). Since 133 million full-time equivalent OECD production workers create a value of US$13,000 billion (US$97,744 per worker), the productivity factor for non-OECD primary producers is 0.03. If 50% of a non-OECD industrial workforce of 496 million is unemployed, then the remaining 248 million full-time equivalent non-OECD industrial workers create a market value of US$5,000 billion (US$20,161 per worker). The productivity factor for non-OECD industrial workers is, therefore, 0.21.

Transferred surplus-value equals regional income minus value-added. For the imperialist bloc, this is US$44.5 trillion - US$40.4 trillion = US$4.1 trillion. For the oppressed nations of the non-OECD, it is US$17.7 trillion - US$21.8 trillion = -US$4.1 trillion. By this account, the non-OECD countries transferred approximately US$4.1 trillion worth of uncompensated surplus-value to the OECD countries in 2010. Thus, the imperialist class could keep the entire surplus-value generated by its own production workers and still afford to pay each OECD worker US$6,666 (US$4 trillion / 600 million) out of the surplus-value extorted from workers living in countries retaining less surplus-value than they create. That subvention is the monetary equivalent of the annual wages of more than 2 full-time non-OECD workers and is 23% of the average OECD wage. By this measure, even assuming massive differences in productivity between OECD and non-OECD workers, then, nearly one quarter of the average working wage in the OECD consists of superprofits. If a quarter of the average wage in most OECD countries consists of superprofits wrung from exploited and oppressed workers, there is a clear class-rationale for the widespread racism, national chauvinism and/or apathy of the metropolitan working class. The minimal levels of domestic exploitation afforded the OECD by imperialist value transfer fosters a deeply conservative, if less complacent, political milieu even amongst less well-off workers.

Leaving aside the Triad's use of high-technology largely denied to dependent Third World capital, we may nonetheless prove that low Third World wages and prices do not, either, correspond to the superior *physical* productivity of OECD industry. By accounting for differences in physical productivity we can more precisely determine the amount of unpaid value transferred from the Global South to the North.

Canadian professor of economics and unequal exchange theorist Gernot Köhler shows that the very similar or identical physical productivity of workers of different nationalities in agriculture, shoe and textile manufacture, automotive industry, dentistry and education is not matched by equivalent wages.[34] For example, using statistics compiled by the ILO,[35] the comparable or identical physical productivity of casual agricultural labourers in Japan, Mauritius and the Philippines translates in real PPP terms to wages that are, respectively, 3 and 6 times higher in Japan. Whereas wages for US autoworkers are around 14 times that for Mexican ones, the *Harbour Report* (which measures the hourly labour content required to produce a single vehicle), determined that in 2007 it took 23 labour-hours to produce a vehicle in the US and 28 to produce one in Mexico, a productivity advantage of 18%.[36] According to the *Harbour Report* in 2008, excluding plants producing less than 30,000 units annually, it takes more than 35 and less than 70 labour-hours for US and European car manufacturers to produce a vehicle in North America, Europe, China, Mexico and South America alike.[37]

OECD goods production workers work approximately 1,578 hours per year and non-OECD goods production workers work around 1,400 hours per year. Therefore, 150 million OECD workers in industry and agriculture were paid approximately US$4.2 trillion in 2007 (1,578 × 150 million × US$17, or US$28,000 per worker) to generate a production GDP of US$12 trillion, or US$80,000 per worker. We may assume for the sake of argument that the 500 million workers in non-OECD industry—wherein the capitalist mode of production has been fully established—are only *half* as physically productive as those in OECD industry (though they are almost certainly more productive than this).[38] The value produced by them at the average rate of exploitation in the core zone would be worth 0.5 × 500 million × US$80,000, or US$20 trillion. However, empirically, the value produced is only worth

US$5 trillion, a shortfall of US$15 trillion. This indicates that the rate of exploitation (the ratio between the average socially necessary labour-time required to produce the value equivalent of the goods required for the worker's own subsistence and the extra hours he expends creating surplus-value) for non-OECD workers is much higher than for OECD workers. However, capital mobility ensures that the extra surplus-value obtained is not compensated for by a correspondingly high rate of profit within the "peripheral" countries.

In 2007, the world outside the European Union, the United States, Canada and Australia produced 1.9 billion tonnes of crops (including wheat, rice, coarse grains, rapeseed, soybean, sunflower seed, palm oil and sugar), and the European Union, the United States, Canada and Australia produced together 800 million tonnes.[39] There are 1.5 billion agricultural workers outside the OECD and 50 million OECD agricultural workers. Therefore—abstracting from the reality of differing modes of production of food and cash crops and the relative preponderance of wage labour, share-cropping and subsistence farming in each zone—each non-OECD agricultural worker generated an average 1.27 tonnes and each OECD agricultural worker 16 tonnes of crops in 2008. OECD agricultural workers, then, are approximately 12.6 times more productive than their non-OECD counterparts. If farmers in the non-OECD countries were exploited at the same rate as those in the OECD countries, then, their income would be 0.08 × US$28,000 = US$2,240 whereas, in fact, it is only around US$2,100 or less, a shortfall of at least US$140. Agricultural labour in the non-OECD countries therefore generated extra surplus-value relative to that in the OECD worth approximately US$210 billion (1.5 billion × US$140) in 2007.

According to calculations based on relative physical productivity, then, extra (unpaid) surplus-value extorted from the producers of the periphery due to more intensive exploitation was on the order of US$15.2 trillion in 2009. In the same year, non-OECD exports to the OECD were worth approximately US$7.7 trillion or 44% of the GDP of the non-OECD countries. By this measure, an estimated US$6.7 trillion was transferred from the Global South to the Global North via unfairly priced imports in 2007. Comparing this figure to annual net profits in the OECD (minus the trade deficit) of approximately US$8 trillion in 2010 (see Appendix II), we are again forced to conclude that

the vast majority of OECD profits may be accounted for by unrequited value-transfers from the dependent countries.

The surest means of measuring productivity is according to an international productivity standard which accounts for wage differentials and the effects of capitalist oligopoly based on the principle that capital can and does traverse the planet seeking to employ labour at the lowest possible wage and at the highest possible rate of return. According to this standard, all workers employed by capital are similarly productive for capital given a similar intensity of labour. The present work shows that even where physical and value productivity differences may exist between labour in the Third World and the First World, these are not sufficient to make up the divergence in its remuneration. This, of course, is to be expected: why else would global labour arbitrage ("outsourcing") be so economically significant today? Oligopoly capitalists do not employ Third World workers in order to *lose* money in uncompetitive enterprises. The present study demonstrates that while profit rates are roughly equal internationally, net profits in the OECD are produced exclusively through the superexploitation of Third World workers. The superprofits they generate are used to augment the investment potential (in terms of turnover rates and fixed capital) of oligopolistic industries based in the First World.

The "higher productivity" defence of First World super-wages also studiously ignores productivity losses incurred by the Third World countries through *deteriorating terms of trade*. As Argentine economist and dependency theorist Raul Prebisch, as well as Emmanuel and others have argued, the assumption that trading countries gain by specialising in the production and export of the commodities in which they have a "comparative advantage" (a relative abundance of capital or labour) does not explain the diminishing marginal productivity or the peculiarly complete specialisation of the underdeveloped countries.[40] Crucially, underdeveloped countries' status as "outlying agricultural or manufacturing establishments belonging to a larger community" (J.S. Mill) is overlooked, as is the First World's political, military and cultural influence making its exports more desirable "so that the poor country is willing to give more of domestic output in exchange for the same amount of imports from the rich country."[41]

According to classical economic theory, industrial goods' *income elasticity* (how much demand for a good or service responds to a change in the incomes of the people demanding it) is greater than one due to their satisfying complex demands, their diversity, the mobility of the productive factors, the longer time period in which firms may adjust production levels and the complementarity and higher social prestige involved in their consumption. Moreover, manufacturing generates the increasing returns to scale associated with the process of technological development and the division of labour. According to the Dutch economist Petrus Johannes Verdoorn, greater output generates greater productivity and, consequently, higher levels of employment. Meanwhile, the primary goods and raw materials which the more agrarian Third World exports have an income elasticity of demand which is *less* than one: food crops satisfy basic demands and neither their demand level nor that of raw materials rises proportionately to rising income in the rich countries. In the Third World, because of the income inelasticity of demand of the primary goods sector and the tendency for productivity growth therein to correlate negatively with employment growth, there is a shift towards the import of consumption goods for the elite and capital goods with which to substitute labour. By increasing the export of industrial goods to other high-income countries and to the poorer countries, therefore, there is an increase, over and above domestic demand, in the production of industrial goods by the developed countries. On this assumption, the First World enjoys growth and productivity gains from exporting industrial goods to the Third World. As a result, the increasing output of the agricultural and extractive industries of the Third World discourages growth and the export of its products transfers productivity gains to the rich countries.[42]

It may be objected, of course, that the terms of trade for countries exporting agricultural products are not *necessarily* unfavorable. Specifically, between 1896 and 1913, the price indices for goods produced in the developed world improved by 16 points, whereas they improved by 46 points in the underdeveloped world. As Yugoslav Marxist economist Rikard Štajner has noted, however, this must be explained by the fact that at the time, "when the developing countries were for the most part in colonial dependence, the metropolitan countries were not interested in achieving an extreme reduction of

prices of raw materials, as these, too, were exploited by the monopolistic prices of the metropoles."[43]

Between 1995 and 2006, agricultural raw materials, food, fuel, and ores and metals constituted around 37% of the value of all merchandise exports from the low- and middle-income countries whilst they were around 25% of the value of all high-income country merchandise exports in the same period (see Appendix III).[44] We can measure deteriorating terms of trade between the low- and middle-income ("poor") and the high-income ("rich") countries by adducing whether the rate of growth in the nominal value of agricultural exports to the rich countries from the poor countries is matched by the rate of growth of the value of industrial exports from the high-income countries to the others—that is, whether a greater amount of agricultural produce must be exported by the poor countries to pay for the equivalent amount of industrial imports from the rich countries over time. If not, there is a transfer of productivity gains from the poor to the rich countries which we can refer to as a *rate of exploitation* (*e*) and a built-in mechanism explaining the growing income gap between rich and poor countries.

According to Indian economist Romesh Diwan, we can determine the rate of exploitation of poor countries by rich countries in this manner by dividing (1) the sum of the division of the growth rate of exports of agricultural and raw material goods from poor to rich countries by the productivity growth of rich-country manufacturing, and (2) the sum of the division of the growth rate of the value of manufactured exports from the rich to the poor countries by the growth rate of poor-country agricultural productivity. In doing so, we find that the growth rate of exports from the poor countries greatly outstrips the growth in productivity of the rich-country export sector and, therefore, that a transfer of productivity from the former to the latter has occurred. To quantify this transfer, we may estimate that around six times the increase in productivity in the export sector of the poor countries was transferred to the rich countries through deteriorating terms of trade between 1995 and 2006.

The calculations are as follows (see Appendix III), where *e* is the rate of exploitation according to the loss of productivity gains to the Third World effected by deteriorating terms of trade:

Xap [the rate of growth of exports of agricultural and raw material goods of poor countries] = 362%

Zir [the rate of growth of manufacturing labour productivity in the rich countries] = 48%

Mip [the rate of growth of the value of imports of industrial goods by the poor countries] = 54%

Zap [the rate of growth of agricultural labour productivity in the poor countries] = 50%

$$e = [\ Xap / Zir\ ] / [\ Mip / Zap\ ] - 1 = 6.0$$

Since the value of merchandise exports from the poor countries to the rich countries rose by US$2.5 trillion between 1995 and 2006, we can estimate that approximately US$15 trillion, US$1.4 trillion annually, was lost to the Third World through productivity transfers caused by deteriorating terms of trade alone.

CHAPTER III.4

SKILLS AND GLOBAL WAGE DIFFERENTIALS

The argument is often made that workers in the First World are paid higher wages than those in the Third World because of the quality of their labour, in particular, the level of skill and training inhering in it. Leaving aside the fact that the period of training and education of skilled workers typically requires production of their consumption needs by unskilled ones, we must note, first of all, that a lack of employment opportunities in the Third World (particularly in the health, education, military and science sectors which in the First World are heavily state subsidised) has led to a “brain drain” of skilled mental labour migrating from there to the imperialist nations. This has embellished the overall skill level of the First World workforce and depleted the general skill level in the Third World, Asia in particular.

Secondly, there is no evidence to suggest that increased employment of white-collar workers reduces levels of fixed capital investment by increasing labour efficiency. The late British professor of Economics and quantitative macroeconomic historian Angus Maddison has shown that the proportional increase of white-collar employment exceeded the growth rate of gross non-residential fixed capital stock to GDP in the leading capitalist countries between 1950 and 1989.[45] That is to say, the unproductive sector in the imperialist countries has not led to higher *rates* of profit there and its employees cannot be said to have therefore "earned" their higher wages from a capitalist point of view.

Thirdly, similar levels of skill do not translate into similar remuneration for workers at the global level. English economist and professor of International Development Adrian Wood concluded that "if skill-intensive manufactures were produced in the South, their price would apparently be only about one-half of what it costs to import them from the North."[46] Demonstrating that racial discrimination is the fundamental basis of income inequality in Canada, a study by sociologists Jason Lian and David Matthews found that non-white Canadians received substantially lower wages than their similarly educated white counterparts.[47] Meanwhile, Blacks in the US who graduate from college suffer from joblessness at twice the rate of their white peers.[48] At the global level, both the skills required and the outcomes obtained by teachers in elementary schools are very similar. Nonetheless, Köhler finds that wages for employees in the education sector of non-OECD countries in 1995 were a mere 19% of those in the OECD (the average wage in the latter, incidentally, being severely deflated by the inclusion of the Czech Republic, Poland, Mexico and Hungary).[49] There is little difference in the skill required to drive a bus in Mumbai and in Manhattan. However, according to New Zealand-born professor of Political Economy and Development Robert Hunter Wade, citing ILO statistics, the best paid bus drivers in the world get thirty times the real wage of the worst paid, while the best paid computer programmers receive "only" ten times the salary of the lowest-paid.[50]

It is nonetheless useful to compare wage rates for unproductive workers with similar skill sets to see if value-added per worker is an adequate explanation for global wage differentials. Wade notes:

> The number of hours of work needed for an adult male entry-level employee of McDonalds to earn the equivalent of one Big Mac can be used as a more tangible index of "economic hardship." In the "core" zone of Western Europe, North America, and Japan, the figure is (as at early 2000s) in the range of 0.25 to 0.6 hours; in the middle-income countries such as South Korea and Malaysia, 1.5 hours; in low-income China, 2.2 hours; lower-income India, nearly 3 hours; and even lower-income, Pakistan, 3.5 hours. (Remember the job in McDonalds is well up the prestige ranking in low-income countries; most people work harder and less desirable jobs).[51]

According to McDonalds' own figures, there were 1 billion Big Macs sold globally in 2008, 600 million sold in the United States and 53 million sold in Brazil. There were 57,000 McDonalds workers in Brazil in 2003.[52] There were 1.95 million McDonalds workers in the United States in 2007.[53] Assuming minimum wage rates, every Brazilian McDonalds worker is paid US$211.47 per month and around US$0.80 per hour while US McDonalds workers earn US$6.55 per hour. However, an average US McDonalds worker is responsible for generating annual Big Mac sales of 3.07 million, whilst an average Brazilian worker generates Big Mac sales of 0.92 million annually. Therefore, whilst the average United States McDonalds employee generates just over three times as many Big Mac sales as a Brazilian McDonalds worker, she earns over 8 times as much in wages. Of course, the logic of rewarding the American worker for living in a country where effective demand for Big Macs is higher than in Brazil where the same junk food culture does not exist to generate disproportionate Big Mac sales is absurd. It is echoed, however, by those justifying high First World wages on the basis of "productivity."

Conclusion

A question often raised by opponents of anti-imperialist Marxism and related lines of praxis is why capitalists should employ First World production workers at all if they are a net drain on surplus-value. Whilst it may be admitted that the wages of unproductive sector workers can be considered what Marx called the *faux frais* (fringe costs) of capitalist accumulation, it is hard to see why

imperialists would hire any First World productive sector workers given a certain capacity to superexploit. In fact, the trend has indeed been towards the latter's replacement by Third World workers, there being objective limits to how many labour aristocrats capital can afford to employ at a particular time. Nevertheless, there remain certain economic and political imperatives behind the First World's retention of a production base. First, manufacturing is a much more significant job creator and sustainer than services. Too great a diminution of manufacturing in the imperialist countries would have a tremendous knock-on effect in terms of the wider market for jobs and goods. Second, some companies producing shoes, textiles and other such goods in the First World have managed to find a niche market in consumers willing to pay extra for items "Made in the USA/UK/France," etc. Third, it may not always be possible to provide alternative, non-productive employment for First World workers displaced from their jobs by the globalisation of production. Fourth, and relatedly, the clamour for protectionism on the part of the labour aristocracy and the decadent middle class of the developed world sets limits to bourgeois "internationalism" ("globalisation"). There would be serious political consequences for the imperialist states should they risk losing the loyalty of their own workforce. Fifth, adequate supply of the domestic market ensures that Third World companies competing for access to a limited (First World) market must lower their own wages and prices, thus ensuring greater profits for Western corporations and investors. Finally, political instability in the Third World and competition from powerful rivals compels the leading imperialist countries to maintain a competitive edge in domestic manufacturing. Indeed, the First World may in the near future be forced to seriously curtail industry in the Third World and re-emerge as the world's principal industrial centre. International regulations governing environmental degradation and labour standards should certainly be understood in this (protectionist) context.

Simply put, the OECD's high-wage manufacturing cannot be driven out of the market by low-wage Third World manufacture because the latter is not in competition with the former. In the first place, there is a very real specialisation in the production of light consumer goods by the Third World semi-peripheries. Textile and clothing production, for instance, provides 30% of manufacturing employment in the Third World, but less than 10% of OECD manufacturing employment. Western manufacturing specialises in much sought-after capital

goods and electronics production, but even within textile and clothing manufacture, the First World specialises in high-end, high-value-added production of suits, tailored garments, etc. Meanwhile, whilst much of the already limited Third World market in light consumer goods is catered to either by Western imports or by local subcontractors of large OECD-based transnational monopolies, Third World producers are very much dependent upon having access to First World markets. It is intra-Third World competition for such access, and not competition with First World manufacturers, which ensures relatively low Free On Board prices (that is, shipping prices for goods at the point of their manufacture and before they have reached their destination) for Third World imports. Underpriced Third World inputs and consumer goods allow for high "value-added" to accrue to the products of Western industry at the global average rate of profit. This, in turn, enables the West to remain the most lucrative market for goods and investment.

It should, finally, be noted that oppressed national and colonial minorities perform disproportionate quantities of the productive labour carried out in the First World, allowing employers there to keep costs relatively low and retain the loyalty of the metropolitan "white" workers through the provision to them of more lucrative and desirable white-collar employment.

Whether done for reasons of institutional self-preservation, well-intentioned false cosmopolitanism[54] or avowedly conservative proclivities, by presenting the bifurcation of the world workforce into rich and poor as the natural and inevitable outcome of national differences in economic efficiency, educational attainment and cultural norms, the Western left effectively promulgates a mollifying, but self-serving, ideology that obscures the imperialist structures underlying international political economy.

NOTES TO PART III

[1] Post 2010, pp. 18–21.

[2] Schaub 2004, pp. 26–7.

[3] Ashman and Callinicos 2006, p. 125.

[4] Smith 2007.

[5] UNCTAD 2007, p. 227.

[6] Grossman 1992.

[7] Smith 2007, p. 15.

[8] Jalée 1968, p. 76.

[9] Smith 2007.

[10] Lipsey 2006, p. 3.

[11] UNCTAD 2007, p. 206.

[12] Smith 2007, p. 18.

[13] Harvie and de Angelis 2004.

[14] Ibid.

[15] Amin 2000, pp. 4–5.

[16] Paige 1978, pp. 48–9.

[17] Foran 2005.

[18] Hyman 1971, pp. 27–8.

[19] Paige 1978, pp. 48–9.

[20] United Nations 1999.

[21] Office for National Statistics UK 1999 “Labour Market Trends,” June.

[22] Tausch 2003. See also Blum 2004.

[23] See also Blum 2004.

[24] United for Peace and Justice, “US Military Troops and Bases Around the World.”

[25] Engels 1995, pp. 181–82.

[26] Rubin 1972, chapter 14.

[27] Marx 1977*a*, p. 53.

[28] Marx 1977*a*, p. 199.

[29] Ibid, p. 201.

[30] Baran and Sweezy 2010.

[31] Jedlicki 2007.

[32] Amin 1974, p. 57.

[33] According to Wahba (1996) an urban construction worker in Côte d'Ivoire earns 8.8 times the rural wage rate, whilst an urban steel worker in India earns 8.4 times the rural wage in that country. We have, therefore, calculated the wages of primary sector workers outside the OECD at 12.5% of the average non-OECD wage, that is, US$364.

[34] ILO 2003.

[35] Stanford 2009.

[36] Harbour and Hill 2008.

[37] Amin 1980, p. 160.

[38] Food and Agriculture Organisation of the United Nations 2008*b*, p. 106.

[39] In 2010, world GDP was US$62.2 trillion, OECD GDP was US$44.5 trillion and non-OECD GDP was US$17.7 trillion. In 2008, the OECD ran a goods and services trade deficit with the rest of the world (an excess of imports over exports) of over $400 billion, 89.1% of which was held by the US and 8.3% by the UK. If we subtract the 2008 trade deficit, whereby the OECD population is able to consume without paying, from average OECD profits in 2009 (approximately US$8.4 trillion), the latter were worth approximately US$8 trillion. Data calculated from the US National Income and Product Accounts http://www.bea.gov/national/nipaweb/index.asp; OECD, OECD Economic Outlook Database http://masetto.sourceoecd.org/vl=1242084/cl=12/nw=1/rpsv/home.htm; Li 2008, pp. 75–6; Köhler 2007, p. 40.

[40] Prebisch 1959 and Emmanuel 1972.

[41] Diwan 1973.

[42] Ibid.

[43] Štajner 1976, p. 30.

[44] World Bank, World Development Indicators—Private Sector & Trade, online: http://www.nationsencyclopedia.com/WorldStats/World-Development-Indicators-Private-Sector-Trade.html; World Bank 2007, pp. 206–8. For the majority of non-OECD countries, however, manufactures were a smaller proportion of merchandise exports than agricultural raw materials, food, fuel, and ores and metals. When weighed against the number of low- and middle-income countries, these were an average 79% of the latter's merchandise exports.

[45] Maddison 1994, p. 47.

[46] Wood 1994, p. 137.

[47] Lian and Matthews 1998.

[48] Haynes 2009.

[49] Köhler 2007, p. 33.

[50] Wade 2008, p. 380.

[51] Ibid., pp. 375–6.

[52] McDonalds 2005, "McOnomics: An Incredible Voyage through the Big Mac Supply Chain," online: http://www.aboutmcdonalds.com/etc/medialib/csr/docs.Par.37974.File.dat/McOnomics%202005.pdf accessed May 1, 2010; currently unavailable.

[53] Sterrett, David 2007, "McDonald's Faces Teen Labor Shortage," online: http://www.workforce.com/article/20070725/NEWS01/307259992

[54] Moyo and Yeros 2011, p. 5.

IV. MARXISM OR EURO-MARXISM?

“And finally, let us say that we are sick of the canting talk of those who tell us that we must not blame the British people for the crimes of their rulers against Ireland. We do blame them. In so far as they support the system of society which makes it profitable for one nation to connive at the subjection of another nation they are responsible for every crime committed to maintain that subjection.”
James Connolly

The inescapable conclusion of the present work is that the core-nation working class is not exploited but subsists in no small measure upon surplus-value created by workers in the oppressed nations; it is to that extent what Engels called a “bourgeois working class”—that is, a labour aristocracy.

Surplus-value is the lifeblood of capitalism and so long as workers in the core-nation countries were creating it, their objective class interests lay in the socialist promise of an end to exploitation. The 19th century workers at the core of the world economy provided the bulk of that cheaper and more profuse *relative* surplus-value fundamental to capitalist accumulation, even as their wages were supplemented by values pillaged from the peasants and workers of the economically backward colonial periphery. Yet as the industries of the core nations developed into world-conquering imperialist oligopolies, the repatriation of surplus-value from foreign direct investments and unequal exchange became pivotal. Although initially guaranteeing prestigious jobs only for a privileged upper stratum of workers, superexploited workers in the extroverted capitalist industries of the dependent economies would increasingly have to foot the bill for the rising wages of the First World workforce, a *sine qua non* for the expansion

of the advanced capitalist production cycle. When in recent decades the amount of superprofits in the world economy exceeded the surplus-value produced by First World workers as a whole, the class interests of the latter could no longer be said to align with the socialist project.

Despite intermittent conflict over its share of superprofits, the class interests of the labour aristocracy closely line up with those of the *haute bourgeoisie* which dominates the world system through its control of Third World land, labour and markets. Expressed in political terms, these class interests are imperialist, racist, patriarchal and eminently conservative. The economic position of the bourgeoisie is maintained through outright aggression or by proxy war against democracy and democratic leadership in the Third World and it is this which largely accounts for the enormous disparity in living conditions between the core and peripheral nations.

Our argument contrasts with those authors who situate the bourgeois reformism of the imperialist-country labour movement purely at the national level. Greek Marxist sociologist Nicos Poulantzas, for example, argues that the labour movements in Britain, France and Germany have historically been hampered (1) by acceptance of political ideologies inherited from their respective bourgeoisies' transition to power and, (2) by their respective states' hegemonic strategies of political co-optation. Thus, in Britain, the fact that the bourgeoisie came to power via the ascendancy of a fraction of the nobility has produced a distinctly apolitical *trade unionist* consciousness which has neglected to concentrate on the state as the site of struggle over class dominion. In Germany, what Poulantzas referred to as *Lasallism*, that is, the belief that the state is a class-neutral body that can be converted to proletarian ends with due pressure, has been influential as a reflection of the centrality of state regulation to the emerging capitalist economy there. Finally, we might add, in the United States, *white nationalism* may be said to have infiltrated the working class as a politico-ideological reflex of the racist structures of capitalism as it has existed in that society. At the same time, Poulantzas argues convincingly that state guarantees of working-class living standards and political influence help consolidate and maintain existing structures of bourgeois hegemony.

Whilst such arguments are important and valuable, we consider it vital to emphasise that bourgeois tendencies within the labour movement are ultimately predicated on the ability of the bourgeoisie to *afford* bourgeois living standards to a fraction of the workforce. Ideology, both reflecting and obscuring the dominant class relations of a society, is only meaningful where it interacts with lived experience.[1] Historically, the consistently conservative, reformist fraction of the international working class residing in the imperialist countries has been afforded its privilege only through the extended subjection of an oppressed and superexploited workforce.

With these points made, we may now offer a brief overview of the pro-imperialist trajectory of the labour aristocracy in Britain, the USA and Germany. We are forced to conclude that a pro-imperialist working class may be both unable and unwilling to forestall the growth of *fascism*.

CHAPTER IV.1

BRITAIN: EMPIRE AND THE BOURGEOIS WORKING CLASS

The development of the British labour movement in the 19th century may be quickly summarised. In the 1830s and 1840s, the Chartist movement, drawing heavily on English nationalist and monarchist rhetoric,[2] came into being as a popular force. Partly as a result of its agitation, a minority of relatively affluent male workers in Britain were enfranchised in 1867, though only after colonialism had afforded two decades of unprecedented economic prosperity in the country. In 1883, Henry M. Hyndman, a committed imperialist and racist, formed the Social Democratic Federation, the first “Marxist” society in Britain. In 1883, the Fabian Society—again, unabashedly racist and imperialist and the single most important theoretical influence on the Labour Party—was formed and led by Sydney and

Beatrice Webb and George Bernard Shaw. In 1889, docks strikes signaled the beginning of the “new unionism”—that is, the decade-long growth in trade union organisation of unskilled workers. In 1893, the Independent Labour Party was formed under the leadership of Keir Hardie, a pro-Empire Fabian and vociferous anti-immigrant spokesperson. The Labour Representation Committee was formed in 1900 by the Independent Labour Party, the Social Democratic Federation and the Fabians to put pressure on the Liberal party to meet the needs of the then ailing Victorian labour aristocracy, and in 1906 the Labour Party was formed as a means of broadening the latter’s mass base.[3]

Between 1850 and 1875 British capitalism dominated the world market. During this period, wages and conditions improved for the British working class, especially for its skilled and unionised members. As a consequence of vastly improved transportation and superexploitative conditions in the colonies, Britain was able to continue improving conditions for its working class during the final years of the 19th century. Thus, British wages measured against prices rose by 26% in the 1870s, 21% in the 1880s, slowing down to 11% in the 1890s.[4] Much of these improved circumstances, however, accrued to the skilled upper stratum of workers; the labour aristocracy of the time earned perhaps double that of the unskilled working class, which typically earned less than the minimum required to sustain an adequate family existence according to a 1911 British government study. Even within the unskilled working population, however, there were important gradations of income unconducive to united proletarian action.

In the late 19th century, the English labour aristocracy as defined by Engels were the leaders of the English labour movement and the section of the working class they represented (namely, the engineering, carpenter, joiner and bricklaying trades—better able as they were to resist the introduction of cheap female and child labour and machinery).[5] The privileges of these workers were both economic (involving relatively high wages, more secure employment, and social, educational and geographical ascendancy over much of the working class) and political, having been

given the right to vote in the 1867 Reform Act "with its property qualifications [consolidating] the developing aristocracy of labour by allowing it to participate in the bourgeois democratic process."[6]

The English trade-union movement, in fact, was always strongest in those trades wherein workers were most independent, most in demand and best paid. The wool-combers, for example, were the first group of English workers to organise against the common exploitation of their employers.[7] The craft unions and their members regarded unskilled workers (from whom they were separated occupationally, geographically, financially, culturally and even ethnically) as persons of inferior social status to be kept at political arm's length. Although around the turn of the last century Britain's "new unions" began to organise the broader working class, these soon became de-radicalised and moribund as British imperialism proclaimed the grateful support of expanding numbers of its own working class. Indeed, though the combined effects of labour aristocratic reformism and state repression are real factors in the ready dissipation of new unionist radicalism in the period before 1910,[8] the level of unskilled working-class militancy in Victorian Britain can be easily exaggerated. As social researcher and journalist Henry Mayhew wrote in 1851: "The artisans are almost to a man red-hot politicians [Chartists, in fact—ZC] … The unskilled labourers are a different class of people. As yet they are unpolitical as footmen … they appear to have no political opinions whatever or, if they do … they rather lead towards the maintenance of 'things as they are' than towards the ascendancy of the working people."[9]

Liberal French Historian Élie Halévy highlighted how as imperialism advanced, the benefits of colonialism came to be no longer restricted to a small section of the British workforce. Discussing the fall in prices that had resulted from British monopoly capital's colonial trade, he noted that this

> had enabled a very large body to come into existence among the British proletariat, able to keep up a standard of living almost identical with that of the middle class. The self-respecting workman in the North of England wanted to own his own cottage and garden,

> in Lancashire his piano. His life was insured. If he shared the common English failing and was a gambler, prone to bet too highly on horses … the rapid growth of savings banks proved that he was nevertheless learning the prudence of the middle class.[10]

The notion that the Labour Party has acted against the interests of the vast majority of British workers fails to account either for the size of its support base or, crucially, the latter's ballooning wealth as supplemented by the superexploited workers of the Third World.

The Labour Party was and is supported not only by the majority of non-Conservative voting workers in the UK, but by practically the entire gamut of smaller "left" groups in the country (the rest fulminating against Labour's inability to deliver greater prosperity to its constituency). This party upheld the maintenance of the British Empire and, three times between 1900 and 1945, actively governed it. The Empire itself supplied Britain's industry with cheap food and labour from Ireland, rubber from Malaya, cocoa and palm oil from West and much of East Africa, diamonds and gold and other precious metals from South Africa, sugar from the West Indies, land and commerce in the settler dominions of Canada, Australia and New Zealand, not to mention India's contribution of £120 million per year in the 1930s and a million troops in each of the two world wars. Prior to the First World War, its informal influence dictated economic conditions in most of Latin America, Egypt and Palestine, and oil-rich Persia (today's Iran) and Iraq. After 1918, the British Empire also consisted of colonies wrested from German imperialism. Soon after the Independent Labour Party had criticised the influence of the supposedly unproductive (but increasingly industrially invested) financial elite's role in its creation, the Labour Party wholeheartedly endorsed Britain's "progressive" Empire of "enlightened" despotism. In doing so it sanctioned the disenfranchisement, impoverishment and starvation of a large majority of the Empire's 500 million inhabitants.[11]

Having formalised support for British "civilisation-mongering,"[12] the British left could avert its gaze from imperialism and focus its attention

on “domestic” British affairs while Labour went about strengthening Britain’s leading position in the world capitalist system. Thus after 1928, the British Labour Party in government—firmly geared towards defending “what the civil servants in Whitehall had been trained to regard as the national interest”[13]—used the Royal Air Force to try and bomb the Indian independence movement into submission and imprisoned around 50,000 of its leading activists; sent warships to terrorise the Sudanese; called in troops and implemented draconian legislation to repress strikes in Kenya, Nigeria, Tanganyika and Ghana; supported the efforts of Greek (and therein German) fascism to repress the popular anti-Nazi partisans from 1945 to 1947; used the SAS and head-hunters to cow the Malayan independence movement in 1949–51; sent troops and fighter planes to Korea between 1950 and 1952; gave diplomatic support to the US in Vietnam between 1964 and 1970; supported Israeli aggression against Arab states in the Middle East in 1967; signed contracts approving Rhodesia’s illegal exploitation of Namibian uranium in 1968; opposed UN sanctions against South Africa in the 1960s and 1970s; sent troops in to maintain the colonial status of Northern Ireland in 1969 and instituted a regime of torture and internment there between 1975 and 1979; supported the Shah of Iran until the last days of his regime; sold Hawk fighter jets to Indonesia’s comprador-fascist dictator Suharto; and invaded and occupied Afghanistan and Iraq in the first years of the current millennium.[14]

In England, colonialist discourses and associated acts of violence had long had a popular currency. Swiss aristocrat and traveler Horace-Bénédict de Saussure wrote in 1727 of the virulent contempt the English had for foreigners in general and the Irish in particular. He said:

> I do not think there is a people more prejudiced in its own favor than the British people, and they allow this to appear in their talk and manners. They look on foreigners in general with contempt, and think nothing is as well done elsewhere as in their own country.[15]

Yet the full flowering of domestically internalised British national chauvinism would not occur until after World War II when British capital overcame its labour shortage using large numbers of colonial and neocolonial immigrants.[16] As colonial immigrants seeking a better life came to Britain, they tended to move into residential spaces where demand for particular types of labour (especially unskilled manual labour) was highest and which were being abandoned by upwardly mobile white workers.[17] After the decline of British manufacturing in the 1960s and 1970s,[18] the residential re-structuring of capitalist industry attendant to the post-industrial economy (suburbanisation) has tended to reinforce economic discrimination against inner city areas, disproportionately affecting Britain's black and minority ethnic population.[19] In consequence of these processes, racial *segregation* has become an essential aspect of the imagery and politics of working-class racism in Britain.[20] In helping to maintain an economic, legal and cultural "colour-bar" through force and suggestion, the labour aristocracy is able to maintain its continued existence as an upwardly mobile section of the working class as well as strong political influence nationally, whether as enforcer of non-white people's disenfranchisement or as their relatively powerful "anti-capitalist" ally. Labour historian Mary Davis documents how the British labour movement in the decades before the First World War and until today has either explicitly advocated the repression of non-white workers by the state or studiously "forgotten" the latter's interests as a specially oppressed section of the national working class.[21]

For historian Perry Anderson, the British working class is fundamentally *corporate* and seeks alliance with the dominant and ascendant bourgeoisie in the expectation that its own economic betterment can be thereby achieved.[22] He suggests that the corporatisation of the British class structure, occurring soon after the decline of Chartism, is connected to British global supremacy having "created a powerful 'national' framework which in normal periods insensibly mitigated social contradictions and at moments of crisis transcended them altogether."[23] In

supporting the maintenance of imperialism, the British working class has become both advocate and practitioner of national and “racial” oppression.

CHAPTER IV.2

UNITED STATES: SETTLERISM AND THE WHITE WORKING CLASS

The US proletariat as such was formed at the end of the 19th century when US steel mills began to produce twice England’s tonnage of pig iron, thus allowing the country to become the world’s leading industrial producer (today China is the world’s number one producer of steel, accounting for 47% of world steel production in 2009). To facilitate this productivity, United States imperialism required importing around 15 million immigrant workers from Southern and Eastern Europe: Poles, Italians, Slovaks, Serbs, Hungarians, Finns, Jews and Russians.[24] This nationally distinct, disenfranchised and unskilled proletariat was forced into the most gruelling and low-paid manual labour positions, facilitating the upward mobility of “native” white workers (largely of Anglo-Saxon, German and Irish descent). Originally it was subject to vilification by the bourgeois establishment, the Euro-American petty bourgeoisie and the labour aristocracy organised within the thoroughly racist and social chauvinist American Federation of Labor (AFL). At first denying them a “white” identity, the capitalist ruling class was anxious about the spread of revolutionary socialist ideology amongst the new immigrant workforce. To combat this trend, government and corporate representatives soon began to set up committees like the Inter-Racial Council and the American Association of Foreign Language Newspapers to “Americanise” this lowest stratum of the US working class, raising the prospect of its integration into white society.

The most significant organisation set up by the new industrial working class in the United States was the Industrial Workers of the World (IWW). A syndicalist union meant to combine workers of all trades, skill levels and nationalities, the IWW believed that workers could dispense with socialist party leadership and that capitalism could be brought down with a series of increasingly large strikes. Although the IWW was opposed to national chauvinism and made overtures to Black, Asian and Mexican workers—the extreme immiseration of its membership often tending to provide for a natural empathy—it was resolutely unwilling to challenge the basic *political* structure of white settler society by supporting the liberation struggles of the internal US colonies. Indeed, the IWW's syndicalist outlook presupposed the irrelevance of nationality to the class struggle. Not only did economism prevent the IWW from mounting any effective opposition to the First World War, it conveniently allowed it to avoid alienating the almost exclusively white constituency with which it tried to make common cause. Since a large part of the thoroughly segregationist and supremacist white working class was already labour aristocratic and generally disinclined to militant unionism, the revolutionary aspect of the IWW was severely blunted. As Sakai writes:

> The IWW never attempted to educate most exploited white workers to unite with the national liberation struggles. Instead, it argued that "racial" unity on the job to raise wages was all that mattered. This is the approach used by the AFL-CIO today; obviously, it's a way of building a union in which white supremacist workers tolerate colonial workers. This was the narrow, economic self-interest pitch underneath all the syndicalist talk. The IWW warned white workers: *"Leaving the Negro outside of your union makes him a potential, if not an actual, scab, dangerous to the organized workers … "* These words reveal that the IWW's goal was to control colonial labour for the benefit of white workers—and that Afrikans were viewed as *"dangerous"* if not controlled.[25]

Today, the kind of self-serving opportunism described above is all-pervasive amongst the Western "left." The latter's insistence that there is a single multi-national and/or multi-"racial" working class which is divided by the political machinations and ideological propaganda of the bourgeoisie, conveniently ignores the very real contradictions within the global working class. It does so for precisely the purpose Sakai suggests: to corral and harness the discontent and resistance of the oppressed nations and colonial minorities for social imperialist ends. National minority workers encouraged to emigrate to the imperialist countries because their own countries have been ravaged by the same, who are subject to racial discrimination at every turn, who must suffer the horrors of intimidation and actual violence by the police and by fascists, and whose cultures are systematically denigrated in the popular media, are normally well in advance of the average metropolitan worker in terms of political consciousness. To suggest that the struggles of these national minority and colonial workers are a subsidiary component of those waged by a working class integrally dependent upon the very imperialism that oppresses them is sheer pablum.

The dynamic process of working-class embourgeoisement also followed a deeply white supremacist path in the post-Reconstruction US South of the late-nineteenth century. As more fully capitalist production relations advanced there, Black people found themselves for the most part confined within the sharecropping and shared tenancy plantation system, burgeoning industry drawing on the cheap labour-power of ruined white small farmers.[26] The small number of more multiracial Southern labour unions created thereafter faced the anti-union *and* Jim Crow structures of states allied with commercial farming, mining and railway interests, whilst the openly racist unions were unable to secure official support for a "white-only" labour market. Although—in large measure by force of necessity—organisations like the United Mine Workers in Birmingham, Alabama and the Brotherhood of Timber Workers in Louisiana and Mississippi were at times successful in organising equally unskilled and equally numerous white and Black workers, mass racist strikes, riots and the enforcement of Jim Crow by white workers and their unions in the textiles, steel and rubber

industries of the South played an active role in barring Blacks from its emerging labour market and factories.[27] In consequence, whilst the trade unions of the last century were perhaps the only Southern organisation in any way capable and desirous of producing "multiracial" unity, their base in the white labour aristocracy ensured either an apolitical and economistic, or an explicitly racist and class collaborationist, approach to struggle.

Soon ascendancy guaranteed by mob violence and political support for the systematic oppression of Blacks, Mexicans and Asians would fulfill the dreams of the Euro-American proletariat for a typically American lifestyle. For it was the presence of huge superexploited populations in the United States which allowed that country to resolve the social crisis of the 1930s without the fascism introduced in minor or non-colonial capitalist countries like Italy, Germany, Spain, Finland and Romania. At the close of that decade, after a series of fierce strikes, a white industrial proletariat had won huge increases in wages and working conditions. Sakai writes:

> The Eastern and Southern European immigrant national minorities won the "better life" that Americanization promised them. They became full citizens of the US Empire, and, with the rest of the white industrial proletariat, won rights and privileges both inside and outside the factories. In return, as US imperialism launched its drive for world hegemony, it could depend upon armies of solidly united settlers serving imperialism at home and on the battlefield. To ensure social stability, the new … unions of the CIO [sponsored by the Democratic Government of Franklin D. Roosevelt—ZC] absorbed the industrial struggle and helped discipline class relations.[28]

A further wave of strikes at the end of the Second World War (consequent to the Truman government's beleaguered attempts to transfer the costs of the USA's burgeoning and economically stimulating military-industrial complex to its workers by means of wage freezes, taxation and inflation) briefly threatened these "disciplined" class relations. By the early 1950s, however, although a flurry of strikes occurred during and after the Korean

War, social cooperation (mediated by government boards) between openly conservative labour unions and monopoly corporations ensured greater class harmony as prosperity reached the US citizenry *en masse*. Those working-class whites who were not so fortunate and remained in the inner city districts tried to maintain their mainstream working-class position against the influx of marginalised Black labour by means of the usual mass racist violence, while the suburban middle class of Anglo-Saxon and German descent "used restrictive covenants and other devices to limit the flow of other ethnic groups into their communities."[29] Since then, although neoliberalism has somewhat eroded the formal political aspects of the imperialist social democratic contract, the provision of super-wages—a*fforded* by an unprecedented influx of superprofits accompanying its rise to being the world's leading financial and military hegemon—has tended to negate the strength of organised labour militancy in the US.

In his excellent *Reluctant Reformers*, a history of the white supremacist boundaries of American democracy, professor of African-American Studies and Ethnic Studies, Robert L. Allen writes: "The history of the American labor movement is one long and shameful story of exclusion, discrimination, outright treachery, and open violence directed against black, Mexican, Chinese and other nonwhite workers."[30] Even those labour organisations which did attempt to unite the entire US working class regardless of "race" did so only very cautiously, intermittently and for brief periods before their support bases became fully integrated into US capitalism's white supremacist superstructure. Limited efforts at inter-"racial" proletarian unity by the National Labor Union and the Knights of Labor in the years after the Civil War, fatally compromised by evasiveness and hostility towards the question of social and political equality for non-white workers, ended with those organisations' disintegration and merger with the labour aristocratic AFL in 1890; the short-lived IWW's anti-racist activity lasted only a few years between 1905 and the outbreak of the First World War; and the very partial efforts along the same lines by the "radical" unions of the CIO in the 1930s and 1940s, with Communists and second-generation Southern and Eastern European

immigrants playing a leading role in their formation, ended with the CIO's merger with the AFL in 1955.

Working-class advancement in the US has historically been tied to the maintenance of white entitlement to rights, jobs, housing, education and income levels denied to Black people. Whereas in the 1930s and earlier this advancement was achieved through white workers openly barring Black workers from factory employment, after the Second World War whites secured white-collar and skilled jobs through the manipulation of job ceilings and seniority rules. In the neoliberal era, racial segregation and discrimination advanced by US policy makers, financial institutions, local and federal government, and white employers and employees alike ensured Blacks lost out in the struggle for jobs following the decline of the country's manufacturing base.[31]

Although it is a specious argument for the leading progressive role of the Black petty bourgeoisie in business and the professions, the following observations by W.E.B. Du Bois on white labour are a perfectly accurate portrayal of the inherent difficulty of bringing it out on the side of national liberation:

> While Negro labor in America suffers because of the fundamental inequities of the whole capitalistic system, the lowest and most fatal degree of its suffering comes not from the capitalists but from fellow white laborers. It is white labor that deprives the Negro of his rights to vote, denies him education, denies him affiliation with trade unions, expels him from decent houses and neighborhoods, and heaps upon him the public insults of open color discrimination …
>
> Thus in America we have seen a wild and ruthless scramble of labor groups over each other in order to climb to wealth on the backs of black labor and foreign immigrants. The Irish climbed on the Negroes. The Germans scrambled over the Negroes and emulated the Irish. The Scandinavians fought forward next to the Germans and the Italians and "Bohunks" [Eastern Europeans—ZC] are

> crowding up, leaving Negroes still at the bottom chained to helplessness, first by slavery, then by disenfranchisement and always by the Color Bar …
>
> Under these circumstances, what shall we say of the Marxian philosophy and of its relation to the American Negro? We can only say, as it seems to me, that the Marxian philosophy is a true diagnosis of the situation in Europe at the middle of the nineteenth century despite some of its logical difficulties. But it must be modified in the United States of America and especially so far as the Negro group is concerned. The Negro is exploited to a degree that means poverty, crime, delinquency and indigence. And that exploitation comes not from a black capitalistic class but from the white capitalists and equally from the white proletariat. His only defense is such internal organization as will protect him from both parties, and such practical economic insight as will prevent inside the race group any large development of capitalistic exploitation.[32]

Du Bois may not have been properly aware of the vacillating and compromised interests of the Black petty bourgeoisie in maintaining the system of imperialist superexploitation and national oppression,[33] but he was perfectly aware that economic crisis alone would not be enough to bifurcate the alliance between monopoly capital and the labour aristocracy.

In the US the major political vehicle for social imperialism has historically not been a social democratic party on the European model, but the Democratic Party formed after 1812, with its roots in the class struggle of the Southern slaveocracy and, later, plantocracy. The social ascent of the Irish-American working class, for example, is connected to its adoption of a white colonialist identity.[34] In seeking support for the maintenance of slavery on American soil, the landed and commercial elite of the antebellum South vocally asserted that emancipation would bring masses of low-wage Black workers north to compete with white workers for employment and that, therefore, the pro-slavery party must be supported by the same. In responding positively to this counsel, Irish and other European-

descended workers forged a strong relationship between the white working class and the Democratic Party. This relationship continues to endure today, even though becoming complicated in recent decades by the Democratic Party's appeal to better-off urban Black voters and by white workers' support for the Republican Party's decidedly white populist brand of neoliberalism.

Supported by the majority of working-class people in the US, the historical record of the Democratic Party with regard to national oppression and imperialist exploitation is indicative of where the former's loyalties lie. Within the United States itself, the Democratic Party has upheld the most violent laws and practices directed against Black people. Democrats were behind the formation of the Ku Klux Klan after the 1861–65 Civil War that abolished slavery in the US; terrorised entire communities comprising thousands of Blacks and assassinated numerous elected politicians in the course of regaining control of Reconstructed Southern state governments from the progressive Black middle class; thwarted the promise of land redistribution in the post-Reconstruction period and enforced Jim Crow laws by means of Klan terror so as to retain Black people in the position of a superexploited workforce; opposed the Congressional passage of the 13th, 14th and 15th Amendments to the US Constitution respectively abolishing slavery and giving citizenship and the right to vote to all US-born Blacks; resolutely opposed the Civil Rights Act 1866, the Reconstruction Act of 1867, the Freedman Bureau Extension Act of 1866, the Enforcement Act of 1870, the Force Act of 1871, the Ku Klux Klan Act of 1871, the Civil Rights Act of 1875, the Civil Rights Act of 1957 and the Civil Rights Act of 1960, and mostly opposed the 1964 Civil Rights Act, the 1965 Voting Rights Acts and the 1972 Equal Employment Opportunity Act. In 1900, Southern Democrats placed thousands of Blacks (a quarter of whom were children aged between six and eighteen) found guilty of minor offences in prison labour camps where conditions were similar or worse than those under slavery.[35] More recently, under Democratic President Bill Clinton, while the US population grew by 9%, the US prison population, disproportionately Black, grew by 700,000 between 1993 and 2001, a 70% increase.

Outside US borders, the imperialist policy of the Democratic Party has been no less pronounced than that of its rivals in the Republican Party. Thus, after the Second World War, President Truman's Democratic Party recruited Nazi war criminals, people like Hitler's intelligence chief in East Europe Reinhard Gehlen, *SS-Hauptsturmführer* and "Butcher of Lyons" Klaus Barbie, *SS-Obersturmbannführer* Otto Skorzeny and leading Nazi intelligence agent Baron Otto von Bolschwing, to help consolidate US control over the polities of West Germany and Latin America; provided overt and covert support for French colonial militarism in Vietnam; secretly funded fascists and former Nazi collaborators to combat the left in Western Europe;[36] and invaded Greece to keep the Nazi collaborationist ruling elite in power in the face of popular insurgency. The Truman government's intervention in the Korean civil war—forcibly installing a brutal military dictatorship in the south of the country aimed at quelling popular democratic aspirations and comprised of landed elites who had collaborated with Japanese imperialism during the Second World War—contributed to the deaths of 3 million people.[37]

In the 1960s, Democratic President John F. Kennedy's government orchestrated the invasion of Cuba at the Bay of Pigs. It also escalated US involvement in Vietnam to stabilise that country's dependent status and propped up a right-wing dictatorship headed by Ngo Dinh Diem in the partitioned south of the country after the rule of French invaders had crumbled under popular pressure. Since, as the US itself admitted, Communists would have won in free elections, the US government under Kennedy began bombing Vietnam to crush the anti-imperialist movement there.

After the failure of this strategy and Kennedy's assassination, Johnson's Democratic administration launched a full-scale ground invasion of the south, constructing massive concentration camps ("strategic hamlets") to herd the Vietnamese peasantry into, began scorched earth napalm carpet-bombing of the north of Vietnam and used mass terror in the form of rape, mutilation, torture, dismemberment, random shooting and the wholesale destruction of villages. Under Johnson, the US government

launched a secret war to defeat the leftist Pathet Lao and Khmer Rouge in Laos and Cambodia respectively. In so doing, it made Cambodia the most bombed country in history, dropping upon it 2.8 million tons of bombs, 800,000 tons more than was dropped by all powers during the Second World War, up to and including the atomic bombings of Hiroshima and Nagasaki. After a popular rebellion destabilised the administration of US-backed dictator Rafael Trujillo, the Johnson government authorised the invasion of the Dominican Republic in order to keep a US puppet regime in power. In 1964, Johnson's administration helped organise a general's coup aimed at overturning the popular, national developmentalism of the reigning Brazilian government and backed another against the non-aligned, reformist government of Sukarno, Indonesia's first president, in the process of which one million communist "subversives" were killed.

In 1965, Greece's King Constantine II received CIA aid in removing liberal socialist Prime Minister George Papandreou from power. In 1967, when the Greek government was forced to finally hold elections again, CIA asset and former Nazi collaborator Colonel Georgios Papadopoulos prevented the probable election of Papandreou by means of a military coup.

From 1977 to 1981, the increased flow of weapons from the administration of Democratic President Jimmy Carter led to the slaughter of 200,000 people in East Timor, which had been invaded by General Suharto's Indonesian army in 1975. The Carter administration also lent financial, diplomatic and military support to the brutal comprador capitalist dictatorships of Ferdinand Marcos in the Phillipines, the Shah in Iran, and Anastasio Somoza and Contra paramilitary forces in Nicaragua as well as others from East Africa to Latin America.

Between 1993 and 2001, the administration of Democratic President Bill Clinton armed the government of Colombia as it engaged in massive human rights violations in a proxy war against its superexploited peasantry on the pretext of combating Marxist (but not establishment) "narco-terrorism." The Clinton government bombed more countries than any other peacetime president, its targets including Iraq, Yugoslavia, Sudan, Somalia and Afghanistan. Sanctions imposed by the Clinton government and its

British ally—described in a letter of protest signed by seventy Democratic and Republican members of Congress as “infanticide masquerading as policy”—in the full knowledge of their potential and actual consequences, killed over one million people in Iraq (half of them children).[38] In 1999, as a leading NATO power, the Clinton administration dropped 79,000 tons of bombs, 10,000 cruise missiles, 35,000 cluster bombs and tons of depleted uranium on Yugoslavia and its civilian infrastructure for seventy-eight days, causing the internal displacement of over a million people, the deaths of over 2,000 and the injury of 4,000. Whilst cynically proclaiming its desire to stop “genocidal ethnic cleansing” (though only by Serb forces) in Yugoslavia, the Clinton government bankrolled Turkish repression leading to the slaughter of around 40,000 Kurds.[39]

In 2008, with 45% of its white vote, 66% of its Hispanic vote and 96% of its Black vote (with an unprecedented 65% of voting-age Blacks turning out to vote), the US elected its first president of African descent, Democrat Barack Obama. Whilst this was undoubtedly a historic achievement and was experienced as a moment of great pride for many Black people, there can have been no illusions that Barack Obama was not as committed an imperialist as were his predecessors. Indeed, before his election, Obama promised to expand the USA’s colonialist wars of aggression to Pakistan and proposed preventive military action in concert with Israel to negate the possibility of Iran attaining nuclear military capability. Since being elected as president, Obama has made his more bellicose rhetoric a living reality (or nightmare) for the people of several Muslim countries in the Third World, namely, Iraq, Afghanistan, Pakistan, Somalia, Yemen, Libya and Syria. According to the conservative *Foreign Policy* magazine in the US, Obama “has become George W. Bush on steroids” by, for example, ordering no less than 268 remote control drone strikes killing more than 3,000 people (including around 1,000 civilians).

Black America, meanwhile, even its “left” reformist political vehicles, has completely failed to question its social chauvinist commitment to Obama’s presidency. Thus the US government has been free to launch a war of aggression against a sovereign African nation (Libya), in which it

armed, trained and helped organise a rebel force composed of Islamic fundamentalists, monarchists, intelligence service assets, comprador capitalists and anti-black racists who have since publicly lynched hundreds of black Africans and ethnically cleansed large parts of the country of the same. In addition, Obama launched a proxy invasion of Somalia at the height of its worst drought in 60 years and cut food aid to the country, thus condemning many tens of thousands to death by starvation. Even within the US itself, Obama publicly denies the significance of "race" to the disproportionate impact the current recession is having on Black people in terms of employment, health care and home ownership. Yet Black approval ratings of Obama remain between 80% and 90%.

As *Black Agenda Report* writer Glen Ford has noted, "Obama, who arrogates to himself the right to kill designated enemies at will, is permitted by Black America to commit crimes against peace with political impunity … [and has] paid no domestic political price for his cruel barbarities against Africa's most helpless people, because Black America exacted none."[40] This is a symptom not simply of political confusion and misleadership, as Ford suggests, but of the absence of a militant Black proletariat seeking an end to its exploitation and the overthrow of the capitalist state.

CHAPTER IV.3

GERMANY: FROM SOCIAL IMPERIALISM TO (SOCIAL) FASCISM

As an area geographically marginal to the conquest of the New World and the subsequent slave trade upon which "primitive" capital accumulation was accomplished, by the mid-nineteenth century Germany was in European terms a comparatively backward feudal economy. Rubinson describes how Germany could move toward core-nation status only because the geographic expansion of capitalism that took place between 1800 and

1870—from 1800 to 1830, total international trade had increased 30%, whereas from 1840 to 1870 it increased 500%[41]—had opened up enormous opportunities, within the British Empire especially, for investments in the construction of the world's railroads and in cash crop agriculture.[42] Britain's unparalleled industrial productivity facilitated its adoption of *laissez faire* policy and thus allowed for the unrestricted flow of technology and skilled labour to the fledgling industries of Europe and North America. Meanwhile, its shift towards capital goods production ensured the relative prosperity of German (and Italian) textile production. The ascent of Germany to the core of the world economy during the course of the 19th century related directly, therefore, to colonialism's enlargement of the peripheralised Third World.

> The expansion of the size of the peripheral areas of the system allows for the expansion of the size of core areas for two basic reasons. First, increased peripheralization means an increase in the amount of labour in the system, and this increase allows more areas to capture a larger share of the value produced by this increase of labour. Second, with such an increase, more areas can shift their position in the division of labour to specialise in core activities and benefit from the structure of unequal exchange between core and periphery.[43]

Germany's industrial revolution occurred between 1850 and 1873[44] and was undertaken by "semi-authoritarian" pre-industrial elites pursuing "defensive modernisation," partially to counter the threat of liberal and socialist movements taking the French Revolution as their model.[45] A late starter on the road to industrialisation, Germany moved from being a predominantly agrarian society to an industrial one—in terms both of the composition of the national product and of patterns of employment—only in the 1880s. The world economic crisis of 1873 and the ensuing quarter century of depression (caused to a large extent by massive colonial and American agricultural overproduction) saw in Germany the formation of monopoly syndicates and cartels to control production, divide territorial

markets and set prices. Further, the need to expand production demanded credit which only powerful banks could provide,[46] leading to a merger of industrial with banking capital in Germany.

Germany's Junker landed aristocracy—which had shifted from a prior position of dependence upon free trade with Britain—and its new monopoly capitalists came to advocate naval armament and a militaristic colonial foreign policy as a solution to problems of raw materials shortage, low grain tariffs, closed markets, dwindling opportunities for domestic investment and, in the case of the Junker elite, opportunities for office in so far as their diminished *economic* sway created anxiety about the durability of their *political* hegemony.[47] By 1894, serious disputes had developed between Britain and Germany over interests in North Africa, the Sudan, in the Portuguese colonies and in the Transvaal, where German capital owned 20% of all foreign investments.[48] With such conflicts over protective tariffs amongst the imperialist powers, German industry began to express full support for populist colonialist propaganda groups such as the German Colonial Association (*Deutscher Kolonialverein*, 1882) and the Society for German Colonisation (*Gesselschaft für Deutsche Kolonisation*, 1884). These were openly social imperialist in the Rhodes-ian mould, insisting that "colonial expansion abroad would ease politico-economic pressure amongst the domestic working class."[49]

In the decades following the succession to power of Kaiser Wilhelm II in 1890, Germany created a small fleet in the China Sea and sought a coaling station and harbours on the China coast; intervened in North African politics; and threatened Britain's influence in Turkey, Latin America, China and the Middle East. It built up a colonial system consisting of bases, duly populated by German settlers, in East Africa, South West Africa, Cameroon, New Guinea, Togo, the Carline, Pelua and Marianne Islands, the Marshall Islands, Samoa and Kiauchau. By the eve of the First World War, the German Colonial Empire had a land mass of 1,140,200 square miles, an area roughly the size of India today (the world's seventh largest country at 1,147,949 square miles).[50] This colonial

expansion stimulated German capitalism's avaricious demand for rich raw materials and markets closer to home; from the heavy metals of Eastern France to the granaries of the Slavic steppes. Colonial conflicts were at the root of the First World War.

Germany's general aims in the First World War were twofold.[51] First, it sought the elimination of France as a great military, economic and financial power, thus hoping to create a "*Mitteleuropa* economic system [embracing Austria-Hungary, a Poland severed from Russia, and possibly other neighbouring states, including Romania—ZC] dominated by German interests."[52] Secondly, Germany aimed to "drive Russia eastwards" and to militarily subjugate the Tsarist Empire's non-Russian western population. After the war ended in Germany's defeat, however, German capitalism could only be rebuilt to the specifications of American financiers like J.P. Morgan and Rockefeller, who at that time controlled world exchanges and global commerce.[53] Simultaneously, the Nazi foreign policy aim of colonising Eastern and South-Eastern Europe was anticipated and partially realised by the Weimar government's[54] pursuit of informal economic hegemony in what was referred to in the 1914–18 "war aims" debate as the *Österreich* (the eastern part of the greater German Empire).[55] Thus politicians and senior diplomats in the Weimar period conceived of and advanced German trade policy as a means to set up a "penetrating system" of financial investment "in the weak and impressionable economies of the newly-liberated Eastern states."[56]

Soon, however, the world crisis of capitalism between 1929 and 1933 brought mass unemployment and the spectre of socialism hovering to the political surface in the imperialist countries—nowhere more so than in Germany, where the number of Communist voters rose to 6 million in 1932 (the Social Democrats had lost ground but still had 8 million voters). Germany's big *and* small bourgeoisie soon turned to *fascism*, the program of a flailing capitalist elite which cannot rule other than on an aggressive anti-labour and belligerent imperialist foundation. It is "the armed Siegfried Line behind which capitalism entrenches itself when economic conditions

lead to a serious threat from socialism, and from behind which it does not hesitate to fire first, taking a ruthless offensive against its adversaries."[57]

It is, or should be, common knowledge that the German big bourgeoisie was instrumental in bringing the Nazi Party to power.[58] On January 27th, 1932, steel magnate Fritz Thyssen (a firm champion of the National Socialist line who had begun making large contributions to NSDAP funds around the time of Hitler's 1929 National Committee Campaign against the provisions of the Young Plan)[59] arranged for Hitler to make a speech to the Düsseldorf industry club in the exclusive Park Hotel. This meeting brought the NSDAP increased support from industrialists such as Vögler of the United Steelworks and Springorum of Hösch who desired by the summer of 1932 to include the NSDAP in the government.[60] Both Thyssen and wealthy banker and convinced Nazi Hjalmar Schacht wanted to have Hitler as the next German Chancellor.[61] In spring 1932, a circle of prominent Nazis and industrialists was formed by the chemical engineer and corporate executive Wilhelm Keppler to flesh out the details of a Nazi promise that the Party would fulfill and safeguard the "wishes and interests of big industrialists."[62] In November of the same year, German industrialists recommended the Nazi cause to President von Hindenburg in a letter signed by such entrepreneurial luminaries as Cuno, Schact, Vögler, Thyssen, Krupp, Siemens, Springorum and Bosch.[63]

To manoeuvre its way out of the world depression and maintain the position of its capitalist elites, Germany was eventually compelled to capture colonial territories which could provide it with food and land in the absence of sufficient export markets to pay for them.[64] The Nazi state gave a temporary boost to German industry by embarking upon a massive rearmament and public works program afforded by Finance Minister Schacht's MEFO (*Metallurgische Forschungsgesellschaft*) bills of credit which allowed state debt to rise to 10% of the national income in 1938.[65] However, the Nazi war economy (arms production was 38% of German GNP in 1938) and its attendant restriction of consumer goods supply resulted in domestic inflation and a revaluation of the Reichsmark against

both sterling and the dollar which made it more expensive for Germany to increase grain imports. The Nazi government had two possible ways to prevent such internal revolt arising as during and after the First World War: renege on its foreign debts or begin the drive to war. If the regime were to default on its foreign debts to increase its foreign exchange, this would alienate Germany's foremost trading partner and creditor, the United States.[66] Alternatively, if Germany could win a swift and decisive victory over the USSR, Soviet consumption could be diverted to ensure the physical subsistence of the German population and the continued profitability of German industry.

Thus was planned the physical annihilation of tens, if not hundreds, of millions of "subhuman" (*Untermensch*) Slavs, Jews and communists. Nazi policy was effectively to starve most of the Czech, Polish and Ukrainian populations to death by seizing their harvests and preventing flight from their urban centres. The Nazi government aimed to resolve the contradictions of Germany's capitalist economy (between production and consumption, profits and wages, capital and labour) according to a plan for settler-colonial conquest based on a vision of the forging of the American empire, Hitler's American Dream.[67]

In *Mein Kampf*, Hitler described how Germany and England were to divide the world between them, with Germany expanding eastward in the same way as England had already expanded westward in America and south in India and Africa. As he put it: "Russia's space is our India, and, as the Englishman rules with a handful of forces, so we shall rule this our colonial space." Hitler always insisted that in Russia, Germany should follow the example of British rule in India.[68] During the first period of war on the Eastern Front in 1941–42, in his "table talks" with Martin Borman (head of the NSDAP chancellery and the Fuhrer's private secretary), Hitler made frequent reference to Eastern Europe's future as an "empire for the Germans comparable with what Asia, Africa and the Far West had been for the British, French and US."[69] Not only would Germany utilise advanced American production techniques to satisfy consumer demand, then, but the *Lebensraum* afforded by the conquest of Eastern Europe and the USSR, and

the annihilation of their indigenous inhabitants through starvation and force of arms, would provide the economic conditions for a white/"Aryan" property-owning "democracy" to flourish.

The Nazi regime was one in which the respective bourgeois elites of Germany maintained their prior social positions through integration within a hierarchically organised and all-powerful party structure wherein each fraction could build up its own power base through the occupation of important posts in the institutions of state and by forging informal ties with Nazi politicians.[70] The latter in turn utilised their political power to amass huge personal wealth. The Third Reich was a capitalist state with an unusually high degree of affiliation between the *haute bourgeoisie* and the holders of political office, so that Italian Fascist leader Benito Mussolini could observe that "fascism should more properly be called corporatism because it is the merger of state and corporate power."

The German working class in general responded to the rise of imperialism with alacrity. In Wilhelmine Germany, the complaints of an increasingly powerful German labour movement were ameliorated via wage- and welfare-concessions, tax reforms and recognition of the legal and political irreducibility of the franchise and mass society generally.

Between 1871 and 1914, German economic growth continued along an upward path, with intervening downturns mainly constituting what German professor of History Volker Berghahn has called periods of "retarded growth," as opposed to reversals of the general trend.[71] During this period, there was a population explosion in Germany and most were absorbed into the burgeoning labour market, even whilst a majority saw some improvement in their living standards. Nonetheless, income differentials were very pronounced in Imperial Germany with much of the increase in wage rates accruing to the skilled working class, the labour aristocracy that constituted the Social Democratic Party's (*Sozialdemokratische Partei Deutschlands*, SPD) major support base.[72] However, on top of these unevenly distributed wage-earnings must be counted the system of social insurance instituted by Bismarck, which

considerably enhanced the material and legal position of the entire German working class.[73] Germany's social insurance system was built up in three stages: health insurance was introduced in 1883, followed by accident insurance in 1884 and old age and invalid insurance in 1889. Each new law covered cumulatively larger sections of the working class. Over the same period, the Reich introduced pensions, national medical provision and the right to education. State insurance for ill or disabled workers was coupled with stringent efforts to control and repress communist agitation[74] Moreover, in the decade before 1914, two out of three industrial disputes in Germany ended in compromise, reflecting employers' grudging acceptance of trade unionism as much as the latter's strength. Companies like Bosch became convinced that official recognition of trade unions was the best means available for guaranteeing the continuity of production, workers' productivity and, indeed, forestalling major wage increases forced by a too-powerful trade union organisation. Through reformism, the expanding trade-union movement and the survival of petty-bourgeois artisan traditions, the SPD quickly became assimilated to the existing social order in Germany. As British economist and historian Roger Fletcher notes: "Conditions appeared to be improving after 1890, holding out some hope of a peaceful, piecemeal working-class integration into the political nation. In any event, such developments as the gradual bureaucratization of the labour movement, the growth of a labour aristocracy and rising working-class affluence made a revolutionary upheaval increasingly improbable."[75]

Whereas in the pre-WWI period the German working class was generally antipathetic to colonialism and allied neither with conservative Junker nor "liberal" capitalist classes, it tended to go along with the program of the new state,[76] particularly in the period after 1890 when Bismarck's Anti-Socialist Laws were revoked and a period of great economic prosperity set in. Thus, the survival of "'authoritarian and anti-democratic structures in state and society' resulted less from blind prostration before the imperial myth than because workers perceived good reasons for associating the chances of reform with the fortunes of empire."[77] Throughout the Second Reich, vocal appeals were made by the

“revisionist” (anti-communist) wing of the SPD in support of integrating the increasingly militant German working class into the political life of the state via imperialism. Contributors to the *Sozialistische Monatshefte* (*Socialist Monthly*, actually released on a weekly and fortnightly basis, edited by Joseph Bloch and the most prominent revisionist journal in the country)—such as the imperialist militarists Max Schippel, Karl Leuthner, Richard Calwer and Gerhardt Hildebrandt—were united around the principle that colonialist expansion and living space (*Lebensraum*) was in the class interest of the German proletariat.[78] As prominent SPD politician Eduard David wrote in 1909: “The ‘revisionist’ tendency is a not inconsiderable segment of the party and if the impression is created that all or even many ‘revisionists’ share those [social imperialist] views, then the latter acquire an importance beyond their due as the eccentricities of particular individuals.”[79] Thus at the 1907 Stuttgart Congress—three years after Germany’s massacre of 60–80,000 Herero tribes-people in Southwest Africa, modern-day Namibia[80]—Eduard Bernstein quoted Ferdinand Lasalle, founder of the General German Workers’ Association in 1863, the SPD’s precursor, approvingly: “People who do not develop may be justifiably subjugated by people who have achieved civilization [sic].”

In November 1918, the SPD was brought to power through an Allied-backed alliance between the labour aristocracy represented by the SPD, German monopoly capital and the *Reichswehr* (the German armed forces).[81] In June of that year, David wrote in the SPD journal *Vorwärts* that “we would have no objections … if our colonial possessions were rounded off and enlarged by way of compensation and agreement” under the terms of a peace treaty.[82] The SPD attempted to convince German workers that the colonies would become the nationalised property of a social democratic republic and would assure all German citizens of an “increase in production and wealth,” full employment and “human happiness.” At the Socialist International’s conference held in Berne in February 1919, the SPD openly protested the fact that the Versailles treaty had divested Germany of its colonies and called for their restitution.[83] Whilst there were differences in ideological and rhetorical emphasis between it and the openly colonialist

right wing of the SPD (Gustav Noske, Ludwig Quessel, Max Cohen, Hermann Kranold, Max Schippel, Paul Lobe, Paul Kampffmeyer and others around the aforementioned *Sozialistische Monatshefte*), the "moderate" majority of the SPD preferred to call for mandates for German colonies to be awarded by the League of Nations.[84] On May 8th, 1925, the SPD involved itself in the formation of a colonialist lobby in the Reichstag with deputies from the Catholic German Centre Party (*Deutsche Zentrumspartei*), the German Democratic Party (*Deutsche Demokratische Partei*, DDP) and the German People's Party (*Deutsche Volkspartei*, DVP), whose leader Foreign Minister Gustav von Stresemann had recently resurrected the First World War Colonial Official Hans Grimm's (the "German Kipling") slogan of "Volk ohne Raum" (people without space) to further popularize the colonial mission. In 1928, at the Marseilles Conference, SPD spokesman and Finance Minister Rudolf Hilferding again demanded colonies for Germany.[85]

It cannot be seriously maintained that the reformist imperialist line advanced by the SPD did not go some way in meeting the aspirations of its voters:

> By 1914 diligent and capable party practitioners like Friedrich Ebert and Gustav Noske emerged as the legitimate spokesmen of the whole party because they sprang from the people, maintained close contact with the grassroots, and instinctively shared their attitudes and outlook. To a large extent, it is true to say that "reformism, gradualism and a 'non-political' trade-union movement were all … the results of the need 'to meet effectively the challenge of the social and industrial conditions'" confronting ordinary German workers in an age of exceptionally rapid economic modernization.[86]

Although it is almost an article of faith among historians of the Weimar Republic that the German Communist Party (*Kommunistische Partei Deutschlands*, KPD) position that Social Democracy paved the way for fascism was wrong and necessitated a tragically mistaken political strategy,

the label of “social-fascist”—socialist in words, fascist in deeds—had a very real reference at the time of its coinage. The SPD consistently preferred monopoly capitalism and reactionary Prussian aristocrat-militarism over unity with Communist candidates of the working class. Although historian Arthur Rosenberg,[87] one-time member of the USPD[88] and the KPD, accuses the latter of offering nothing to the still-employed workers of Great Depression-era Weimar Germany, he admits that the Social Democratic German working class “refused to consider” the possibility of revolution and wanted nothing to do with Communism. This contradiction points to a considerable strategic, and not merely tactical, gap between the two German working-class parties in this critical period. Whether this could have been bridged had the KPD possessed a clearer, more comprehensive and realistic policy than it did appears doubtful given the pro-capitalist tendency of the organised German workforce. The fact that the SPD opposed the expropriation of the ruling capitalist class and the removal from power of its major political props (the former aristocracy, the landed oligarchy and officials of the *Ancien Regime* which constituted the Imperial army as the *de facto* executive in a *Reichstag* composed in the main of bourgeois deputies) shows the serious difficulty which revolutionary as opposed to counter-revolutionary forces faced. This fact does not, of course, absolve the KPD of what Rosenberg alleges was its utopianism, ultra-left posturing and generalised lumpen naïveté. However, it does illuminate an alternative explanation for the failure of socialist forces in Germany to meet the challenge of the fascist rise to power. Briefly, that failure was not principally a product of the problematic or sectarian tactics of the KPD, but rather of the lack of a material base for successful anti-fascist politics—that is, a terribly exploited and oppressed working class. As Rosenberg said of the SPD: “A party that could not sever its connection with the constitutional State could hardly act as the leader of a new revolutionary movement.”[89] In 1933, the German people brought Nazism to power by free ballot.[90]

German working-class support for increasingly fascist imperialism had a real material basis. US historian and professor of Law David

Abraham has shown how organised labour made dramatic material gains (in real wages and working hours), political gains (in representation) and legislative gains (in the extension of trade-union rights, legally binding collective wage agreements and a system of compulsory arbitration) in the Weimar period.[91] These were made possible because the superprofits accumulated by ascendant dynamic and export capitalists (mainly in the chemical and electrical industries) allowed them to afford welfare taxation and wage rises on the basis of a relatively open market economy buoyed by imperialist loans. Since these fractions of German monopoly capital made superprofits through international trade in which they were highly competitive and had a high organic composition of capital (low labour costs), they could afford an electoral alliance with the ADGB (*Allgemeiner Deutscher Gewerkschaftsbund*, the SPD-affiliated Free Trade Unions of Germany) and the SPD, thus delivering social policies (*Sozialpolitik*) that improved the lives of most, if not all, German workers.

By 1931, however, as the world market became moribund, the dynamic and export industries became more dependent on the home market for their profits and thus more committed to reversing the social and wage gains of organised labour. Heavy industry, which had always stringently opposed both these *and* the payment of reparations, demanded tariffs that would have meant restricted international markets for the products of Germany's dynamic and export industries. Politically, by July 1932, the Nazi Party was the only force which might "provide a mass base while conceivably offering a program acceptable to both fractions of industry."[92] Thus, while hitherto the dynamic and export-fractions of German monopoly industry had been opposed to the price-fixing and quotas of the heavy industrial cartels in iron and steel which raised their own production costs considerably, the Great Depression of 1929–1933 saw capitalist industry in Germany become politically united to overcome the gamut of economic and political *Sozialpolitik*. Ultimately, the *haute bourgeoisie* was prepared to abolish representative democracy to ensure its position and made a deal with the petty-bourgeois National Socialist German Workers' Party to secure a mass base for an imperialist solution to the crisis.[93]

Nazism arose as a radical reaction to politico-economic crisis by small property-owners, peasants, shopkeepers, white-collar workers and skilled blue-collar workers, that is, the petty bourgeoisie, against the rise of industrial capitalism organized within a political framework geared towards meeting the short-term economic interests of the working class. According to Hungarian scholar Mihály Vajda, "what gave fascism its mass effect was precisely the fact that it provided the conservative rebellion with an ideology, and, equally important, with an organizational framework" and the illusory possibility of a "classless society on the basis of and within the framework of the existing class society."[94]

In short, traditional class relations were to be maintained through the brutal and complete repression of those dynamic social forces which threatened to push ahead the transition to a new type of (socialist) society. Summarising the findings of Larsen et al., professor of Contemporary History Geoff Eley confirms that the social composition of the fascist movement was disproportionately petty-bourgeois (that is, small-scale owners and producers, together with the new strata of salaried employees, including lower grade civil servants, junior managerial and technical personnel and teachers, clerical workers, and parts of the professions).[95] Nonetheless, the fascist organisations did acquire considerable working-class support.

The German working-class movement had opposed the NSDAP from the latter's inception and Berlin in particular was considered the *Rote Festung*, the Red Fortress, in Nazi jargon. Yet whereas the Nazi Party was unremittingly hostile to communism, they expressly championed the interests of the working class. Thus, the NSDAP promoted the ideals of full employment, social services, pensions, social insurance, profit sharing, and the welfare state in general, successfully presenting itself as steering a middle-course between *laissez faire* capitalism and the dictatorship of the proletariat. Moreover, the Nazis pragmatically adopted the revolutionary rhetoric of the left to convince workers of its anti-capitalist credentials. In short, the Nazis were viciously opposed to proletarian class struggle, but not working-class advancement within the imperialist system.

Although workers were relatively scarce in the NSDAP there were 750,000 of them enrolled by 1933 and these numbers increased in the first years of the Second World War as the nexus of nationalism and embourgeoisement became further entrenched.[96] According to Mason, the bulk of working-class support for the Nazis—40 percent of the Nazi vote came from workers and one worker in every four voted for Hitler in July 1932—was drawn from the youthful urban lumpen proletariat, public employees (especially in the post office, railway and city service sectors), and those in the small business sectors of provincial Germany.[97] The number of workers voting for the NSDAP in the first Reichstag elections of 1932 was greater than the number of workers voting for the SPD or the KPD individually (though not greater than the number voting for the SPD and KPD combined). Around 55 percent of men in the SA (*Sturmabteilung*, or stormtroopers, the paramilitary and strongly *petty-bourgeois socialist* paramilitary wing of the NSDAP) came from working-class backgrounds. Nonetheless, nearly half the working-class newcomers to the NSDAP ranks between 1925 and 1932 came from villages of under 5,000 and proportionally few working-class SA men came from the big cities. Professor of Modern History Dick Geary concludes:

> The working-class presence among those who voted for Hitler can be made to correlate positively with the proportion of working classes in the electorate as a whole only when foremen, daily helps, workers in domestic industry and, significantly, agricultural labourers are included in the definition of working class. When rural labourers (who inhabited a world quite different to that of the city dweller and factory employee, often paid in kind or subject to landlord pressure) are removed from the equation, a slight negative correlation arises between Nazi support and working-class presence. And if workers in craft (as distinct from factory) sectors are also removed from the equation, the correlation becomes even more negative. It is negative, too, in the large cities where, the closer we look at the factory working class, the lower the percentage support for the NSDAP becomes.[98]

Only 13 percent of the unemployed (who comprised some 30% of the manual working class in the middle of 1932 and were overwhelmingly concentrated in the big cities and in large-scale manufacture) supported the National Socialists as compared with 29% who voted for the KPD. Although there was some defection of former SPD voters to the Nazis, there was little from the KPD, 83% of whose membership was working-class. Local studies of the labour vote further suggest that most defections from the SPD benefited the Communists rather than the Nazis.

Nonetheless, "German Labour was a pillar of the Nazi Party from 1925 to 1933."[99] US professor of Sociology, Political Science, and History, William Brustein, whose application of rational-choice sociological theory to the study of Italian and German fascism has done much to illuminate the role of economic motivation in the rise of these movements, confirms a strong correlation between workers' social aspirations and a tendency to join the Nazi Party. As such, proportionately more skilled (blue-collar *and* white-collar) workers than semi- and unskilled workers joined the party.[100] The Nazi Party drew substantial support from the German working class, which comprised about 40% of Party joiners for each year between 1925 and 1932.[101] Brustein identifies five reasons for such support. First, the Nazi Party was a vehemently nationalistic party, particularly in comparison to the SPD and KPD. The Nazis were seen by many workers as uncompromisingly prioritising *German* working-class interests above all other national working classes' interests.[102] Second, Nazi support for protective tariffs, expanded domestic markets and a continental economic zone in South-Eastern Europe "corresponded closely to the economic interests of workers in the import-oriented industrial sector."[103] Thus, rates of support for the Nazi Party were highest amongst those workers in industries producing primarily for the domestic market (food production, construction, mining, clothing and woodworking) and lower amongst those in industries producing primarily for the export market (chemicals, electrical technology, machinery and textiles).[104] Third, the Nazi Party successfully presented itself as a staunch proponent of job creation and state pump priming of the economy. Thus, workers in industrial branches in

which the Nazi Party determined jobs would be created (for example, in construction and woodworking industries, important for the Nazis' public housing, highways, dams, and canal construction projects) had high proportions of workers joining the Party.[105] Fourth, those German workers who were not organised in trade unions or were dissatisfied with the unions, considered the Nazi Party an attractive alternative to the traditional working-class organisations. Thus, Nazism was attractive to those workers with a traditional antipathy to socialist politics, workers who had voted for the National Liberals under the Reich and for the DVP in the early years of Weimar.[106] These workers included the employees of Krupp in Essen who lived in company housing and benefited from employer patronage as well as those workers recruited from Stalhelm labour exchanges in the Ruhr, textile workers in Franconia and yellow unions composed of workers with anti-socialist credentials. Generally, in non-unionised industrial branches like clothing, leather, food production, woodworking and musical instruments, particularly in those with lower ratios of employees to businessmen, the proportion of Nazi Party joiners amongst workers was higher than in highly unionised branches of industry like mining, metal production, utilities, rubber and chemicals.[107] Fifth, and most significantly, those workers who aspired to own homes, become salaried employees, or start their own businesses, that is, those workers who were convinced of the beneficence of private property and the profit motive, supported the Nazi Party because they perceived it as a working-class party favouring upward social mobility. The Nazi Party sought to achieve social equality through a process of upward levelling and explicitly advocated the *abolition of the proletariat through embourgeoisement.*[108]

After ten years of Nazi rule, though both productivity and profits increased, real hourly wages (adjusted for inflation) increased by less than 1% and working hours were an average 10% longer than they had been in 1929.[109] Considering labour's relative share of national income, the purchasing power of wages and the intensity of work, the real income of the majority of German workers fell slightly between 1929 and 1938 (though they improved greatly between 1933 and 1937 compared to the final four

years of the Weimar period, 1929 to 1933).[110] At the same time, the labour aristocracy of the "Aryan" workforce in the Third Reich (those non-Jewish German workers in key industries such as construction and materials, optical and fine mechanical instruments, and certain types of machine building, as well as the expanding salariat), saw its weekly earnings rise by as much as 30%.[111] Despite completely destroying and terrorising its independent political organs (the KPD, the SPD and the ADGB, in that order), and thus guaranteeing that the fundamental property relations of capitalism remained intact, the Nazis made certain political, economic and cultural overtures to the working class which did not go unnoticed or unappreciated by significant portions of it:

> During the last years of the Third Reich, the workers displayed closer affinity with the rest of German society than they had done in the final stages either of the Empire or the Weimar Republic. The explanation for this phenomenon could be expressed as a co-efficient of nationalism and embourgeoisement, both of which are highly effective devices for encouraging social integration … Nazi nationalism, focusing on the "ex-worker" Hitler, transmuted the lowliest German into a member of Europe's "Master race"; embourgeoisement meant that by purchasing wireless sets, theatre-tickets, Strength-Through-Joy holidays and (undeliverable) People's Cars, the workers could slough off their proletarian skins.[112]

Indeed, manifestations of working-class discontent under Nazism (for example, routine complaints and bickering in factories) were probably more indicative of a desire for ever-better wages than politicised class resentment of Nazism. The few strikes that occurred in the Third Reich did so after 1935 when most of the formerly unemployed had returned to the workforce and many were started by highly-qualified and well-paid skilled workers seeking higher pay.[113] Nazi authorities between 1933 and 1939 periodically reported support for the regime traceable to renewed employment, ideological pro-labour propaganda and the material assistance offered them by social welfare agencies such as Winter Aid (*Winterhilfswerk*, WHW) and

People's Aid (*NS-Volkswohlfahrt*, NSV) amongst the majority of workers. The absence of Marxist leadership, the increase in economic stability and support for Adolf Hitler personally as leader, ensured that the bond between them and the Nazi system became stronger as war became reality.[114] Ultimately, Nazi economic policy, a form of authoritarian social imperialism, made some improvements to the lives of many German workers at the expense of inculcating in them a complacent drive to war and genocidal parasitism.

German historian Götz Aly argues that the Nazi regime in Germany retained power during the Second World War, and managed some sort of stable consensus around it, through its being, "a dictatorship in the service of the people."[115] The economy under Nazism assured its *haute-bourgeois* leaders of the sometimes passive, but often enthusiastic support of Germans for its imperialist project. The welfare-state measures of Hitler's regime were all designed to bribe the German people. Aly contends that from 1941–1944, these were primarily funded from the proceeds obtained by the Nazi regime from conquering, plundering and superexploiting the labour and resources of occupied Central and Eastern Europe and the Soviet Union. The unshakeable alliance between the Nazi state and the German people was not primarily the result of cleverly conceived party propaganda, but was created by means of theft, with the spoils being redistributed according to egalitarian principles among the members of the ethnically defined *Volk*.[116] Constant Nazi rhetoric about the necessity of space and colonies, enhancing Germany's global position and expanding eastward, and "de-Jewification," expressed the aim of hastening a rise in the German standard of living which the domestic economy alone could never have achieved.[117]

Paid holidays for workers were doubled under the Third Reich compared with the Weimar Republic from 3 to 8 days and between 1932 and 1938 the volume of tourism also doubled. In 1938, 10 million Germans participated in Strength Through Joy (*Kraft durch Freude*) vacation trips of all types. Nazi pump priming of the economy resulted in a halving of unemployment from six to three million workers by 1935, with the initial

50% expansion of the peacetime labour force (from 13.5 to 20 million) elevating thousands to supervisory positions.[118] By 1939, “effective demand for labour exceeded supply by half a million.”[119] This shortage ensured that skilled workers—especially in the metal and building industries where the workforce had, respectively, increased by 2.5 and 3 times between 1933 and 1937—enjoyed the benefits of a seller’s market. The renowned late British Marxist historian of Nazi Germany, Timothy Mason argued cogently that this led to a fateful pattern emerging:

> [The Nazi] regime needed the political approval of the working classes and their full cooperation in the armaments drive, but the fewer unemployed there were, the less necessary it became for the working classes to give their full cooperation; and this political weakness of the regime for a long time inhibited measures which could have remedied the economic weakness. Hitler constantly asserted the primacy of politics over economics; by March 1942 this meant the primacy of terror. What it was politically impossible, but economically essential to demand of the German working classes, could be demanded without scruple of subhuman slave labour, transported in cattle trucks into the Reich from Eastern Europe.[120]

Under the Nazis, German pensions were increased and the government issued very generous price subsidies and tax breaks to German farmers. 70% of Germans escaped the wartime 50% income tax demand. Mandatory health and unemployment insurance was introduced for all “Aryan” workers in Germany. At the same time, the Nazi government proved willing to tax the wealthy bourgeoisie, which had profited handsomely throughout the period, to fund its social imperialist state. Aly claims that while the companies were heavily taxed at the rate of 20% in 1933, up to 40% in 1940 and eventually rising to 55%, the average German wage-earner paid no direct war taxes from 1939 to 1945.[121] Aly contends that roughly 60 million low- and middle-income Germans (75% of the population) paid at most 10% of German war costs, better-off Germans around 20%, and

foreigners, forced labourers and Jews roughly 70%.[122] The Reich redistributed both the revenues extorted from militarily enforced wage labour, as well as the actual possessions of the Eastern European peoples it oppressed, to the German people through generous ethnicised welfare schemes funded by the destruction of real national currencies in Western Europe, the superexploitation of Eastern European labour within Germany, the massive expropriation and redistribution of Jewish property and the pillage of resources and superexploitation of labour in the occupied Soviet territories. Not only did the Nazis' imperialist bribery allow for comfortable stability in working-class German living standards, it ensured that the costs of war and occupation were not primarily borne by the aggressor-nation population, but by its victims.

Between 1890 and 1933, the better-off German workers—as represented politically by the SPD and organized within the ADGB—were prepared to compromise with imperialism in so far as they were guaranteed a rising standard of living and enhanced political representation. After finding itself in a much compromised position in the Third Reich before the Second World War, the expansive German labour aristocracy made its wartime peace with fascist imperialism on the basis of a parasitic relationship between itself and the plundered and enslaved Jews and Slavs (Bismarck's "inferior race in relation to Germans pure of any admixture") of Central and Eastern Europe. Thus the economic and political development of the German working class between the founding of the German Reich in 1871 and the defeat of fascism in 1945 is intimately connected to the phenomenon of social imperialism, which allowed a reactionary labour aristocracy to form in Germany, one that sought to preserve its position within the capitalist world system at any cost. In having facilitated increasingly aggressive and, ultimately, *fascist* imperialism, the history of German labour dramatically highlights the contradiction between the class interests of the labour aristocracy and the international working class.

CHAPTER IV.4

FASCISM AND THE LABOUR ARISTOCRACY

Athough “fascism” is often used as a catch-all term of abuse directed at any form of state *diktat*, the General Secretary of the Communist International, Bulgarian Georgi Dimitrov, famously defined it as “the open terrorist dictatorship of the most reactionary, most chauvinist and most imperialist elements of finance capital.”[123] Whilst this popular front conception of fascism is not incorrect, it lacks a certain specificity. Fascism is the attempt by the imperialist bourgeoisie to solidify its rule on the basis of popular middle-class support for counter-revolutionary dictatorship. Ideologically, fascism is the relative admixture of authoritarianism, racism, militarism and petty bourgeois socialism necessary to make this bid successful. In the first place, *authoritarianism* justifies right-wing dictatorship aimed at robbing and repressing any and all actual or potential opponents of imperialist rule. Secondly, *racism* or extreme national chauvinism provides fascist rule with a pseudo-democratic facade, promising to level all distinctions of rank and class via national aggrandisement. Thirdly, *militarism* allows the fascist movement both to recruit *déclassé* ex-military and paramilitary elements to its cause and to prepare the popular conscience for the inevitable aggressive war. Finally, *social-fascism* offers higher wages and living standards to the national workforce at the expense of foreign and colonised workers. As such, denunciations of “unproductive” and “usurer’s” capital, of “bourgeois” nations (that is, the *dominant* imperialist nations) and of the workers’ betrayal by reformist “socialism” are part and parcel of the fascist appeal. As the Programme of the Communist International stated in 1929, “The combination of Social Democracy, corruption and active white terror, in conjunction with extreme imperialist aggression in the sphere of foreign politics, are the characteristic features of Fascism.”[124]

Geographically speaking, *on its own soil fascism is imperialist repression turned inward whilst on foreign soil it is imperialist repression employed by comprador autocracies*. The fascist state is an exceptional historical form of the bourgeois state and, as such, Smith describes German

military colonial policy in South West Africa as "having presaged the genocidal policies of a later era in German history."[125] India's first Prime Minister Jawaharlal Nehru declared that fascism and imperialism are "blood brothers" and that "fascism … they in India had known … for long under the name of imperialism."[126] In a study of the connection between fascist ideology and European colonialism in the Third World, Schmitt-Egner has concluded that all the decisive elements of the later fascist ideologies were perfected in colonial ideology.[127]Associate professor of History Vinay Lal writes:

> From the standpoint of numerous Asian and Third World scholars, the Holocaust … visited upon the peoples of Europe the violence that colonial powers had routinely inflicted on the "natives" all over the world for nearly five hundred years. Insofar as Germany dared to do within the borders of Europe what no other colonial power had previously contemplated, it is the exceptionality of the Holocaust that strikes the student of European colonialism.[128]

The fundamental distinction to be made between the British, US, French and German responses to the world economic crisis of the early 1930s and the inter-imperialist rivalry for markets which went with it, is not a relative cultural propensity to democracy or differing degrees of working-class militancy. Rather, it is that whilst the US, Britain and France could use the superprofits obtained from their colonial, neocolonial and internal-colonial spheres of influence to purchase social peace (in the interwar period nearly half of Britain's trade was with its dominions and colonies while France sent one-third of its exports to its colonies),[129] in the absence of such, German monopoly capital could only aim towards the conquest of a new Empire. In 1933, German socialist Richard Löwenthal excellently summarised the conditions for fascist ascendancy, conditions which apply as much to 1920s Italy as to 1930s Germany:

> Fascism comes to power that much more easily in a country, the deeper its economic crisis and the smaller the reserves it has to

> alleviate it. It also comes to power that much more easily the fewer areas of imperialist influence, colonies, etc. the country has in relation to the needs of its capitalist class. It comes to power more easily in a country dependent on imported capital and with international debts, than in a capital exporting country which can live off its revenues. It comes to power more easily in a country with a large number of economic dead-weights which reduce its international competitiveness, than in a country enjoying rapidly increasing production and an expanding world market. It is therefore an essential characteristic of fascism that it has to make the most vigorous assertion of its imperialist claims, precisely because the basis for such claims is relatively weak. Fascism exemplifies the imperialism of those who have arrived late at the partition of the world. Behind this imperialism lies a huge need for expansionary opportunities, but none of the traditional weapons for realising them. It is a form of imperialism which cannot operate by means of loans, since it is so much in debt, nor on the basis of technical superiority, since it is uncompetitive in so many areas. It is something novel in history—an imperialism of paupers and bankrupts.[130]

First World socialists (whether communist, social democrat or anarchist) tacitly accept that domestic taxation affords the welfare state benefits of the imperialist countries without examining whose labour pays for the taxable income in the first place. By singling out ultra-rich elites as the source of society's problems and tailoring its message to the middle class and labour aristocracy, First World socialism becomes First Worldist left populism. The latter is distinguishable from its right-wing variant only by its less openly racist appeal and its greater approval of public spending. As we have seen, monopoly capitalism and imperialism can easily coexist with social democratic redistribution of wealth to the metropolitan working class. Sayles properly notes that the "radical left" in the imperialist countries is little more than "an appendage to bourgeois liberalism and in many cases serves as a buffer between capitalist-colonialism and a peoples' struggle for

independence and socialism."[131] This "radical left" constitutes itself as such by pretending that the world capitalist system is reducible to the conflict between two, equally transnational, capitalist and working classes. The labour aristocracy whose interests it champions is as much a "buffer" between the peoples' struggle for independence and socialism and capitalist-colonialism as are the neocolonial elites of the oppressed nations. Like the First World working class and its representatives, the comprador bourgeoisie maintains a facade of democratic propriety whilst, in reality, being entirely beholden to its bloody and rapacious imperialist sponsors.

As capitalism makes a transition from a social democratic welfare state to a corporate security state, it finds itself confronted with the need to dispense with the formal laws and political processes of bourgeois democracy. Typically, the labour aristocracy, particularly as it exists *purely* as a siphon to redistribute surplus-value to the ruling class, provides a patina of democratic legitimacy via elections and union organizing to the increasingly repressive police bulwarks of monopoly capitalism. It enables fascism by neglecting to challenge *imperialism* as the source of its relative prosperity and even its basic needs for health and shelter.

It is not uncommon for brazenly national-chauvinist parties to gain support from groups of persons considering themselves politically left-wing. With 20% of its members considering themselves "left," Jean-Marie Le Pen's fascist *Front National*, for example, did well in the 1995 French elections with the slogan "neither right nor left, but French," garnering 30% of the working-class vote and 25% of the unemployed vote.[132] More recently, a 2011 poll found that while 48% of Britons would vote for a far-right anti-immigration party committed to opposing so-called "Islamist extremism" with "non-violent" means, 52% agreed with the proposition that "Muslims create problems in the UK."[133] In the US, the Tea Party has constructed a popular base through appeals to extreme racism against persons of Muslim background and widely-held anti-immigrant sentiment.

That Western workers are currently fascism's major constituency has been demonstrated as fact by political sociologist Daniel Oesch in his

survey of literature showing an "increasing proletarianization [sic] of right-wing populist parties' electorate" since the 1990s.[134] In particular, studies show that workers have become the core electoral base of the Austrian Freedom Party, the Belgian Flemish Block, the French *Front National*, the Danish People's Party and the Norwegian Progress Party. At the same time, working-class votes for the Swiss People's Party and the Italian *Lega Nord* are only barely surpassed by those of small-business owners, shopkeepers, artisans and independents. Thus, it seems reasonable to suggest that, during the 1990s, right-wing populist parties constituted a new type of working-class party. Oesch queries why persons "strongly exposed to labor market risks and possessing few socioeconomic resources," "located at the bottom of the occupational hierarchy," might vote for right-wing populist parties and finds the answer in popular cultural protectionism and deep-seated discontent with the functioning of the "democratic" system, as opposed to "economic grievances" *per se*.[135] In fact, it is a mistake to postulate any rigid dichotomy between the racist authoritarian nationalism of metropolitan labour and its socioeconomic position. The degree of core-nation workers' exposure to labour market risks and their possession of socioeconomic resources is directly related to their location, not at the bottom of the occupational hierarchy but, at the level of the global economy, right at its top. As such, the political intent to oppress, disenfranchise and exclude "non-white," non-Christian people from state boundaries is not simply based on actual or potential competition over jobs. Rather, it is an expression of "working-class" support for an imperialist system that more and more openly subjects nations in order to monopolise their natural resources and capital. That global imperialism has found it necessary to admit persons from neocolonised states across its borders for economic, diplomatic, political and other reasons has consistently met with the disapproval of the core-nation workforce. This has only intensified as Keynesian social democracy has been replaced with neoliberal economic restructuring and the accompanying rise of the racialised police state.[136] The super-wages of metropolitan labour do not only depend upon militarised borders and job market discrimination, but also on the degree to which metropolitan workers can influence state policy in their own favour.

In the absence of social democratic and trade-union vehicles (appropriate to an earlier phase of labour aristocratic organisation), First World democracy, based as it is upon the oppression of more than three quarters of the world's population, finds its *sine qua non* in racist national chauvinism.

By putting the distinctly fascist tendency of metropolitan labour down to false class consciousness or political naïveté, Western socialists pander to a reactionary constituency. Indeed, not only does Euro-socialism fail to oppose imperialism, it regularly *espouses* pro-imperialist and racist sentiments in its efforts to actively recruit the labour aristocracy to its cause. This was seen recently in the PCF's successful proposal to ban the face veil in France and the European left's vociferous support for Western intervention in Libya and in Syria (tempered in the first case by the increasingly undeniable backwardness of the pro-NATO rebels and in the second by the exhausting pace of their progress). Typically, the militant approach of the Euro-socialist activist echoes the anti-corporate, anti-global, anti-finance, anti-government, protectionist and pseudo-Marxian rhetoric of national-socialism. In both cases, since the extension of current living standards for the First World working class does not and cannot depend upon "self-sufficiency" or national productivity, monopoly capitalism must be maintained. In ignoring the imperialist roots of the First World "wage," First Worldist socialists contribute to a political culture of corporatism, parochialism and national chauvinist belonging which can only bolster the position of the capitalist class globally.

In neglecting the reality of superexploitation, imperialist-country parties and organisations calling themselves "socialist" are socialist only in the sense that Goebbels and the Strasser brothers were—that is, in advocating a larger share of superprofits, whether in relative or absolute terms, for their own nation's workers. By contrast, a genuinely socialist program today means working to extricate Third World countries from networks of imperialist parasitism by means of democratically asserting their sovereignty in the economic, political, legal and cultural spheres. Without progressives making it crystal clear, however, that the success of such a program must bring about a *decline* in First World workers' living

standards, at least temporarily, a recipe for “socialist” neocolonialism is being concocted.[137]

Today, the hugely popular mass media—in both its “yellow” (tabloid) and “serious” forms—consistently champions the imperialist worldview.[138] At the same time, core-nation workers remain impassive in the face of imperialism’s expanding corporatism, aggressive wars of occupation in Afghanistan, Iraq and elsewhere, and repression of civil liberties for black and ethnic minorities. Metropolitan labour has responded to these developments, where at all, with super-patriotism and the further scapegoating of Muslims, Asians, blacks and other ethnic minorities—often in combination with populist criticism of a narrow stratum of elites. Western workers have persistently voted and agitated for imperialism: independent parties of the working class distinct from the two or three main imperialist parties have had practically *zero* electoral significance for more than a century.

CHAPTER IV.5

NATION, “RACE” AND THE GLOBAL SPLIT IN THE WORKING CLASS

Globally, the same oligopolistic groups control the economy in both core and peripheral zones so that when capitalism is challenged in one, it is challenged in the other. The interpenetration of capital in the North and South is reciprocated in imperialist international relations both undergirded by and aiming at the extraction of additional surplus-value. Politically, as Amin argues, any attempt to remove power from the predominant oligopolies of the “imperialism of the triad” must necessarily occur on a global scale. Economic reforms that threaten to democratise the social product and dislodge the hegemony of the global oligopolies on a purely intra-core level inevitably leave their base intact as, indeed, does the

obverse but equally insular strategy of challenging only the "national" bourgeoisies of the periphery. The false cosmopolitanism of Euro-Marxism, a purely rhetorical internationalism divested of its anti-imperialist essence, is not conducive to a balanced evaluation of the national question in the Third World. Amin points to the necessity of maintaining a *genuinely* international outlook when striving to advance democratic reform and popular control of the productive apparatus in the rich countries. The question is whether international co-ordination of socialist aims (*solidarity*) between working people on a scale sufficient to challenge the ruling elite of the world economy is possible at all, given the dependence of the labour aristocracy on its imperialist sponsor and its expression in Western workers' historic rightward drift.

We have argued that the all-pervasive and prevalent racism and First Worldism of Western society, along with the all but total absence of any anti-imperialist popular movement amongst its inhabitants, can best be explained with reference to the profound intra-class unity subsisting within it. When there is a section of the population which occupies the lowest socio-economic position by dint of its supposed "race," nationality or culture, those citizens or would-be citizens marked as superordinate will strive to extend and intensify the distinction in their own class interest. The prospect of embourgeoisement by such means depends upon the development of imperialist relations of production—that is, the incorporation of superexploited labour and oligopoly into the circuit of capital. The incompleteness of the imperialist project resulting from relatively profound class and intra-class rivalries at the world level periodically threatens core-nation unity which may thus be re-established on either right-wing or "left-wing" platforms. The political form that the (re)construction of imperialist-nation unity may take depends on the following interrelated factors:

> ¶ The fluidity and extent of the boundaries (economic, demographic, geographic, cultural, ideological) separating distinct so-called "races," nations and cultures determines the success of moderate reformism;

¶ The relative urgency or physical presence of a perceived threat to established living standards emanating from (a) subject population(s) determines the viability of recourse to state repression;

¶ The strength (understood both in terms of self-organisation and relative economic bargaining power) of the currently oppressed population and its political and economic prospects determines the limits of co-optation, assimilation, federation or their opposites;

¶ The kind and degree of mass mobilisation required to launch a war of conquest or repression against a “foreign” people necessitates specific and co-ordinated expressions of ruling-class populism;

¶ The level of core-nation labour militancy; and, most importantly,

¶ The availability of surplus-value for the amelioration of objectively anti-capitalist tendencies in (actually or potentially) privileged groups.

The scale and structure of the international system has developed historically through some nations having successfully subjected others to further their own economic development. These nations moved into a relatively autonomous core position in the world system in and through war and conquest, and in relation to the demands of the uneven development of capitalism generated through this process. By expanding the capitalist structure on a world scale, global imperialism raises the prospect of huge realignments against the core capitalists and thus demands broader and more profound alliance between all core nations and dominant social groups therein. To better achieve this necessary unity, and consolidate the political stability upon which it depends, a strategy of internal colonialism and redistribution of extra profits drawn from discrimination against oppressed minorities has facilitated conservatism taking root amongst the ethnic majority. Although racist and culturalist oppression within the imperialist countries threatens political instability for the ruling classes

there, its alternative (an oppressor-nation backlash against a state seen to be encouraging thoroughgoing anti-racist integration) presents greater difficulties. At any rate, imposed acquiescence to segregationism, internal neocolonialism, fierce police repression and, above all, the provision of super-wages (however small by comparison to the oppressor nation's) has managed to keep the lid on any internationalist sentiment amongst its victims.

The sincerity of people in the First World desiring a more human and less terrible world is tempered by an inability or refusal to champion the interests of oppressed nationalities as opposed to simply using their plight as a crude ideological analogy to point to a "common" oppression or as a bargaining chip in a cynical strategy to pressure the ruling class to grant heightened privileges. There has been no truly popular labour internationalism in the core nations. Instead there has been a history of labour complicity in the corporate and imperialist control of Third World trade union movements, electorally vouchsafed imperialist aggression, voluntary service in the imperialist army and often murderous white supremacism on the grassroots level. Amongst the academic and intellectual left, both within the core nations and without, this benighted record has its counterpart in a determined and virtually universal refusal to account for the value of superexploitation and its significance to the transfiguration of the international class structure.

In highlighting as we have the radically divergent remuneration of wages for the same labour on a global scale, we are effectively aiming to reorient Marxian and socialist praxis toward popular movements for democratic sovereignty in the Global South as the *locus in quo* of working-class ascendancy. In addition, we affirm that *political* demands for full and equal citizenship have become central to the labour movement where the monopoly capitalist class is able to continue appropriating surplus-value only by systematically *oppressing* subject populations.

At the same time, we are aware that the (partial) fulfilment of these demands within a *burgeoning* system of (neo)colonialist capitalism may ensure that subordinate groups within the First World both ameliorate *and*

reinforce their relative marginality at the expense of the exploited workforce whose surplus labour must provide for their assimilation. Other than the obvious moral implications of group disadvantage within the First World, its relevance is primarily located in the enforcement of the political conditions for imperialist rule at the conjuncture, including by guaranteeing that the core-nation working class be afforded a larger share of socially pacifying superprofits. It is in this regard crucial to assert that the facts on the demographic spread and composition of relative disadvantage in the rich countries are bad enough without either being exaggerated (as they routinely are on the "left") or offered as *prima facie* evidence of exploitation. Challenging discrimination and oppression is not to be confused with class struggle as such, which principally revolves around the exploited section of the working class' retention or otherwise of the surplus-value it creates. Since economic betterment for people in the rich countries is today intrinsically dependent *on* imperialism, militant struggles against institutional discrimination everywhere and for decent living standards in the poor countries must recognise the centrality of opposition *to* imperialism.

In the Third World, the labour movement and its representatives must become fully conscious of the bourgeois class interests of First World workers and their organisations. Although explicitly social imperialist doctrine is as rare on the left today as the colonialist ideology of "the white man's burden" is on the right, the workers' movements of the First World are at least as politically aligned with imperialist foreign policy and its institutional vehicles as they were a century ago. Third World labour organisations, for their part, have long been aware of where the loyalties of Western unions lie. In July 1932, for instance, the All-India Trade Union Congress (AITUC) refused to unify with the Indian Trade Union Federation (ITUF) because the latter was affiliated with both the social democratic International Federation of Trade Unions at Amsterdam and the International Labor Organization at Geneva. The AITUC was opposed to joining either organisation, "both of which, they claimed, supported the imperialist policies of the European powers."[139]

Labour historians Don Thomson and Rodney Larson have presented a thoroughgoing account of the pernicious effects of Western "trade union imperialism" in the Third World.[140] The AFL-CIO's Asian American Free Labor Institute, its Africa-American Labor Center and its American Institute for Free Labour Development in Latin America have lavished trade unionist leaders in these regions with funds provided by multinational corporations and the US government (the latter allegedly emanating in no small measure from the CIA). This bribery was successfully aimed at creating pliant and conservative unions detached from and hostile to the struggles of militant peasant and worker organisations, but fully committed to supporting and/or integrating with semi-fascist comprador capitalist regimes friendly to the US State Department.

The British-dominated International Confederation of Free Trade Unions (set up in 1949 in opposition to the Communist-dominated World Federation of Trade Unions and having the AFL-CIO as an affiliated organisation until 1969 when the latter withdrew protesting ICFTU's lack of anticommunist resolve), whilst less blatantly pro-imperialist and having demonstrated some commitment to building independent trade unions in the Third World, has similarly served as an indirect means of imposing the will of Western governments on Third World workers. Although at the end of the 1960s only around 30% of its membership was non-Western,[141] the ICFTU's African Regional Organisation, Asian Regional Organisation and its Inter-American Regional Office (*Regional Interamericana de Trabajadores*, ORIT, a particularly reactionary organisation stringently opposed even to social democratic and Christian influence in the labour movement) have functioned as conduits for funding by imperialist governments and national trade union centres directed towards establishing "kept unions" throughout the Third World.

According to Thomson and Larson, the recipients of ICFTU funding demonstrate "an increasingly visible identity of interest between the international work of western trade union centres and the foreign policies of their governments."[142] Thus, for over half a century, the ICFTU has committed itself to maintaining the imperialist status quo: from the 1950s,

when the ICFTU supported US aggression against Korea, to more recently, when, alongside the International Labor Organisation and the AFL-CIO and through ORIT, it facilitated a destabilization campaign against the elected Haitian government and, subsequent to the latter's overthrow, ignored massive persecution against public sector workers between 2004 and 2006. [143] Cognisant of this fact, in 2010, COSATU (the Congress of South African Trade Unions, representing the country's biggest trade unions) issued a statement directly criticising the Northern constituents of the ICFTU for their complicity with imperialism's oppression of the Third World:

> It is now even clearer that the designs of the global political economy are such that *all structures and institutions in the north serve and reinforce the agenda of the global ruling class*. In this regard, even trade unions see their main responsibility as, first and foremost, about the protection of the capitalist system, except questioning its excesses. They scorn every attempt to question its legitimacy and call for its challenge. It was deliberately designed by imperialism that they must see their future as tied to the existence and success of the system. This is why they defend with passion all that is seen to threaten the core elements of the system. The defence of the global markets and trade system that furthers our underdevelopment, the interests of their ruling classes in the Middle East, and their unfettered control over the international trade union movement and its related systems, all help to sustain the dominant system and protect it from those who are its victims and would want to see it removed. This is the basis for the ideological and political choices made by our comrades in the north in pursuing the trade union struggle.[144] (my emphasis)

The corporatist "business unionism" and "social partnership" pursued by the imperialist-country trade union movement is entirely sustained at the expense of workers in the Third World who must struggle daily to overcome superexploitation and its repressive underpinnings. Yet whilst the

Western “left” may have bad things to say about the bourgeoisies of the Third World, they are silent on the complicity and conservativism of their working-class compatriots. The sainted Western “proletariat” of Euro-Marxist lore has, in fact, wholly accepted and participated in the political structures of capitalist imperialism for the better part of a century without challenge that was not quickly stymied by minor economic reforms.

Genuine and effective opposition to capitalism and the burdens it imposes on the poorest, sickest, most oppressed and most insecure members of First World society demands that the conservative, pro-capitalist tactics, strategy and outlook of the Western labour movement be replaced by real international solidarity with those workers whose intense exploitation provides the foundation for the entire capitalist edifice, namely, the producers of the Third World. Those trade unionists, activists and progressive individuals in the rich countries seeking to link democratic and anti-war politics directly, programmatically and consistently to the struggles of working, impoverished and oppressed people against capitalist militarism have an uphill, but perhaps not unwinnable, battle on their hands. Yet it is not a battle that can be won, or even fought, if the basic class structure of the global economy is not grasped realistically.

NOTES TO PART IV

[1] Cope 2008.

[2] Pickering 2003.

[3] See Foster 1977; Stedman Jones 1983; McKibbin 1990; and Finn 1993 for interesting studies of the political and ideological development of the English proletariat.

[4] Clough 1992, p. 19.

[5] Marx and Engels 1975, pp. 378–9.

[6] Clough 1993.

[7] Mantoux 1970, p. 78.

[8] Clough 1992, p. 21.

[9] Quoted in Evans, pp. 178–9.

[10] Halevy 1939, p. 133.

[11] Clough 1992, p. 38.

[12] Marx 1975.

[13] Gupta 1975, p. 7.

[14] Clough 1992. See Curtis (2003; 2004) for substantial documentation of Britain's post-war imperialist ventures and their effects.

[15] Quoted in Plumb 1950, p. 33.

[16] Miles 1986, p. 55. The British government is well aware of the role played by immigrant labour in the contemporary capital accumulation process. Immigrants, it says, "are concentrated in conurbations where the pressure of demand for labour has usually been relatively high and in semi-skilled and unskilled jobs to which it is difficult to attract other workers because of such features as low earnings, a need to work unsocial hours and/or unpleasant working conditions. (They share these characteristics with earlier migrants to Britain and with migrant workers in other Western European countries)." (Unit for Manpower Studies 1976, p. 31)

[17] Peach 1992, pp. 123–5. According to Brown (1984) 35% of Afro-Caribbean men, 40% of Asians (including almost 70% of Bangladeshis) but only 16% of whites in Britain were employed as semi- or unskilled manual workers. See Pathak (2000) for recent statistics on the overwhelmingly lower working-class character of ethnic minority groups in Britain as compared to its "white" population.

[18] Engstrom 1997, pp. 16–17.

[19] Smith 1999, pp. 39–43 and Bhattacharyya et al. 2002, pp. 8, 31–2.

[20] Smith 1989. Immigrant workers are concentrated in particular areas of England: “Some 41% of all immigrant workers, and 49% of black immigrant workers are in the Greater London area. Another 17% of all immigrant workers and 22% of black immigrant workers are concentrated in three conurbations, the West Midlands, West Yorkshire, and South-East Lancashire. The proportions of all economically active persons in these areas is 15% and 13%, respectively. Thus 58% of all immigrant workers and 71% of black immigrant workers are located in just four major urban areas, compared with 28% of all economically active persons” (Unit for Manpower Studies 1979, p. 112). A British Home Office report of 2003 found that the percentage of people living in unfit dwellings is higher for all ethnic minority groups than for their white counterparts (see also Pathak 2000). McVeigh (1990) compares ethnic segregation in Tottenham and West Belfast and its connection to racism and “sectarian” chauvinism respectively.

[21] Davis 1993, pp. 61–78, 90–103, 202–211.

[22] Anderson 1964.

[23] Ibid.

[24] Sakai 2014, pp. 143–144 .

[25] Ibid., p. 160.

[26] Allen 1936.

[27] Greenberg 1980, pp. 328–356.

[28] Sakai 2014, p. 175.

[29] Legget 1968, p. 54.

[30] Allen 1974, p. 166.

[31] Brown et al. 2005, pp. 66–103.

[32] Du Bois 1996.

[33] Allen 1936.

[34] Ignatiev 1995.

[35] Perryman 2003.

[36] Ganser 2004.

[37] Haliday and Cumings 1988.

[38] Solomon and Erlich 2003.

[39] See “The Liberal Holocaust: Imperialism and the Democratic Party.”

[40] Ford 2012.

[41] Hobsbawm 1968, p. 139.

[42] Rubinson 1978, p. 43.

[43] Ibid., pp. 44–5.

[44] Wehler 1970.

[45] Tenfelde 1990, p. 248.

[46] Lenin 1970, pp. 679–691, et passim.

[47] Geiss 1976, p. 46. “Both the interventionist state and organized capitalism saw a pragmatic, anti-cyclical economic policy as an important means of stabilization. Therefore, both attached decisive importance to the promotion of an export offensive and to the winning of foreign markets either through the methods of informal empire or through direct colonial rule.” (Wehler 1970, p. 121)

[48] Price 1999, p. 6.

[49] Geiss 1976, p. 47.

[50] Henderson 1962, p. 131. The total German population in Germany’s African and Pacific colonies (excluding Kiao Chow) in 1911 was 16,947 (the total white population was 21,667).

[51] Fischer 1991, pp. 57–8.

[52] Ibid.

[53] Krooth 1980.

[54] Weimar in Central Germany was the seat of the National Assembly formed in January 1919 (initially by Berlin's workers' and soldiers' councils) to replace the Imperial Reich government and effectively abolished by the Nazi Enabling Act of March 1933.

[55] Lee and Michalka 1987, pp. 149–51.

[56] Ibid., p. 91; Spaulding 1997.

[57] Smith 1942, p. 191.

[58] Schweitzer 1964.

[59] In 1929, the Young Plan replaced the Dawes Plan offering Germany a less onerous burden of debt. The Dawes Plan was instituted after the First World War as an agreement between the German government and the Allied Powers—Britain, France and the United States—codifying the nature and extent of German war reparations payments. Between 1924 and 1929, under the Dawes Plan, Germany received loans from the United States and Britain of nearly 21 billion Reichmarks. By 1935, this figure had reached 27 billion RM (70% of which was provided by the US).

[60] Horster-Phillips 1983, p. 120; Remmling 1989, pp. 217–9; cf. Bullock 1962, pp. 196–99.

[61] Horster-Phillips 1983, p. 120.

[62] Remmling 1989, pp. 218–9.

[63] Ibid.

[64] Tooze 2007.

[65] Hehn 2002, p. 33.

[66] In Nazi Germany, US corporate investment rose while declining in the rest of continental Europe, accelerating rapidly by 48.5% between 1929 and 1940. Many US corporations, General Motors and Ford for example, had factories in Germany which used slave labour and produced war materials

for German use. During the Second World War, US and British bombers deliberately avoided hitting these factories and they received compensation from the American taxpayer after the war for any damage done to them. In the years immediately preceding the Second World War, Nazi Germany received nearly US$1 billion in investment from the United States and Great Britain and fully 50% of the raw materials and other supplies needed by its military economy came from Great Britain, France, the US and their colonial territories (Novosti Press Agency 1985, pp. 10–11; Preparata 2005).

[67] Bessel 2006.

[68] Strobl 2000, p. 91; cf. Sarkisyanz 2002.

[69] Traverso 2007, p. 138.

[70] Merson 1973.

[71] Bergahn 1994, p. 1.

[72] Marks 1939.

[73] Berghahn 1994, p. 25.

[74] Bayly 2004, p. 273.

[75] Fletcher 1984, p. 108.

[76] Rubinson 1978, p. 51; Breuilly 1992, p. 29; Hammerow 1969.

[77] Eley 1986, p. 287; cf. Bracher 1969, p. 1339.

[78] Fletcher 1984, p. 93.

[79] Ibid., p. 81.

[80] Smith 1978; Curry 1999.

[81] Delmer 1972; Price 1999; Crook 1931; Dutt 1978; Olgin 1935; Rosenberg 1936.

[82] Ruger 1977, p. 298.

[83] Ibid., p. 300.

[84] Ibid., p. 307.

[85] Edwards 1978, p. 39.

[86] Crew 1979, p. 217; cf. Hickey 1978.

[87] Rosenberg 1936, p. 291.

[88] The Independent Social Democratic Party (*Unabhängige Sozialdemokratische Partei Deutschlands*, USPD) was a loose-knit coalition formed in 1917 of anti-war defectors from the SPD.

[89] Rosenberg 1936, p. 294. Vogt (2006) goes further in stressing the reactionary politics of the SPD. He suggests that a right-wing trend within Weimar Social Democracy—which he terms the *Junge Rechte*—actually incorporated völkisch "national Socialist" traditions akin to those of the NSDAP. Like the NSDAP, the Weimar-era SPD right was fully committed to ethnic national chauvinism, eastward expansion and was "covetous of the reactionary *Mittelstand*" (Kurlander 2007). An interesting response by Vogt to Kurlander's critical review of his book can be accessed online: http://h-net.msu.edu/cgi-bin/logbrowse.pl?trx=vx&list=h-german&month=0706&week=c&msg=dIUaX9sfvCF%2Bpq0AcKfbDw&user=&pw=

[90] Jaffe 1980, p. 55.

[91] Abraham 1986, pp. 238–242.

[92] Ibid., p. 16.

[93] Geary 1985, p. 41.

[94] Vajda 1976, pp. 15, 19.

[95] Eley 1989, p. 78; cf. Larsen et al. 1980.

[96] Schoenbaum 1966, pp. 78–9; Kater 1983, pp. 117–119.

[97] Mason 1977.

[98] Geary 1998.

[99] Brustein 1996, p. 120.

[100] Ibid., p. 157.

[101] Ibid., p. 148.

[102] Ibid., pp. 148–9.

[103] Ibid., p. 149.

[104] Ibid.

[105] Ibid., p. 153.

[106] The German People's Party (*Deutsche Volkspartei*, DVP), called the National Liberal Party (*Nationalliberale Partei*) before 1918, represented big industry in Germany. Its leader was the Weimar Republic's Foreign Minister Gustav von Stresemann.

[107] Ibid., pp. 153–154.

[108] Ibid., pp. 155–156.

[109] Grunberger 1974, pp. 242, 247.

[110] Schoenbaum 1966, pp. 102–3.

[111] Neumann 1943, pp. 354–6; Grunberger 1974, p. 252; Bry 1960, pp. 235–9; Guillebaud 1939, pp. 204, 178, 187; Schoenbaum 1966, pp. 104–106.

[112] Grunberger 1974, pp. 261–2.

[113] Kater 1983, p. 82.

[114] Ibid., p. 85.

[115] Aly 2007; Biehl 2005. Aly has previously highlighted the economic logic of the Jewish Holocaust. See Browning (1995) for a summary of the debate between those "functionalists" who, like Aly, stress the economic origins of the Nazi drive to genocide and "intentionalists" who stress the primacy of its ideological and, pragmatically speaking, "irrational" aspects.

[116] Ibid., p. 291.

[117] Ibid., p. 317.

[118] Grunberger 1974, p. 259.

[119] Ibid., p. 241.

[120] Mason 1966, p. 127.

[121] Aly 2005*a*.

[122] Tooze 2005. Aly claims that over two thirds of the Nazi military budget was accounted for by the contributions of the conquered countries, the wages of forced laborers and the confiscated property of European Jews. Tooze, however, insists that actual military expenditures (accounted for after the German defeat) were funded at about 50% on a credit basis, therefore demonstrating that the German, as opposed to the foreign, share of Nazi war costs is much higher than Aly suggests. Aly has protested that the inclusion of the national debt is wrong, if one analyses the successes of Hitler in terms of popular mood. “Then as now,” writes Aly (2005*a*), “people are interested in the national debt only in passing, but they scream when suddenly their taxes are raised to 10 or even 50%. This is what matters in my analysis. It deals with the speculative interaction between people and leadership, and not due to the defeat of the war costs.” In 2009, by way of comparison, the US trade deficit was $380.7 billion, a sum rather larger than the GDP of the entire African continent excluding South Africa, Nigeria, Egypt, Algeria and Libya.

[123] Dimitrov 1935, p. 2.

[124] Communist Party of Great Britain, *The Communist Review*, vol. II, January 1930, no. 1.

[125] Smith 1978, pp. 60–5.

[126] Gopal 1975, p. 237; Nehru 1961, pp. 511–14.

[127] Schmitt-Egner 1975, p. 5. Cf. Sarkisyanz 2002.

[128] Lal 1998, pp. 1188–89.

[129] Hehn 2002, p. 145.

[130] Löwenthal 1983, pp. 338–9.

[131] Sayles 2010, p. 188.

[132] Weissmann 1996.

[133] Townsend 2011.

[134] Oesch 2008, p. 350.

[135] Ibid.

[136] Wacquant 2009.

[137] Though not lucrative enough to spawn a mass labour aristocracy, there were elements of such “socialist” neocolonialism in relations between the Soviet Union and Third World countries within its sphere of influence. See, for example, Tsokhas (1980) for a persuasive analysis of Cuba’s penetration by Soviet “social imperialism.”

[138] Chomsky and Herman 1988; Edwards and Cromwell 2005.

[139] Haithcox 1971, p. 203.

[140] Thomson and Larson 1978.

[141] Ibid., p. 73.

[142] Ibid., p. 28.

[143] Sprague 2006.

[144] Masuku 2010. Kim Scipes (2005) and Harry Kelber (2004) have both written extensively on how the United States labour movement consciously became an instrument of US imperialist foreign policy.

APPENDICES

APPENDIX I
MALE WAGE RATES FOR SELECTED OECD AND NON-OECD COUNTRIES[1]

Average Monthly Wage Rates for male OECD workers in 2002–2003 = $2,104

Average Monthly Wage Rates for male non-OECD workers in 2002–2003 = $224

Inflation-adjusted Average Monthly Wage Rates for male OECD workers in 2007[2] = $2,378

Inflation-adjusted Average Yearly Wage Rates for male OECD workers in 2007 = $28,536

Inflation-adjusted Average Monthly Wage Rates for male non-OECD workers in 2007 = $253

Inflation-adjusted Average Yearly Wage Rates for male non-OECD workers in 2007 = $3,036

Inflation-adjusted Average Hourly Wage Rates for male OECD workers in 2007[3] = $17

Inflation-adjusted Average Hourly Wage Rates for male non-OECD workers in 2007 = $1.50

Factoral Difference between OECD and non-OECD wages = 11

Median Global Hourly wage = $9.25

The ILO's 2012 global median monthly wage estimate of PPP$1,480 for all workers (see Alexander 2012) is somewhat lower than our mean monthly average wage rate between the OECD and non-OECD of $1,295 (in forex, and based on a 35 hour working week). This is due to two factors. First, the ILO estimate gives more weight to countries which have more workers in them. Thus, for example, the average salary in China has more influence on the world average than the average salary in New Zealand, where far fewer people live and work. Second, the wage rates listed below are for male workers only. The inclusion of female workers in the total wage bill figures must reduce the global median wage considerably.

The exact list of countries and wage totals upon which the above data is compiled is as follows.

[these lists can also be downloaded as a PDF by clicking here]

OECD COUNTRIES		
Year	**Name of Country**	**Average Monthly Wage (US$)**
2003	Mexico	392
2002	Poland	480
2003	Czech Republic	503
2001	South Korea	1,016
2003	Italy	1,432
2003	Belgium	1,670
2005	Sweden	1,810
2003	Canada	1,982
2003	Iceland	2,580
2003	United Kingdom	2,841
2003	United States	3,810
2003	Norway	3,899
2003	Germany	4,947

NON-OECD COUNTRIES		
Year	**Name of Country**	**Average Monthly Wage (US$)**
2002	Kyrgyzstan	31
2002	Bangladesh	40
2002	Indonesia	46
2003	Cambodia	61
2002	Moldova	62
2002	Malawi	64
2001	Sri Lanka	90
2003	Ghana	100
2003	Belize	126
2005	China	153
2003	Kazakhstan	185
2002	Nicaragua	227
2003	South Africa	230
2002	Russian Federation	237
2005	Lithuania	335
2001	Venezuela	347
2003	Argentina	423
2002	Peru	475

2002	Algeria	479
2003	Myanmar	761

NOTES TO APPENDIX I

[1] Data calculated from Occupational Wages around the World (OWW) database and World Salaries (http://www.worldsalaries.org/) database. Sweden's average monthly wage is from 2005, see available at: http://www.worldsalaries.org/sweden.shtml. The Republic of Korea's monthly average wage is from 2001. China's and Lithuania's average from 2005. http://www.worldsalaries.org/china.shtml; http://www.worldsalaries.org/lithuania.shtml. Monthly average wage of Bangladesh, Cambodia and Indonesia derived from Brian Calvert, "End of the Line? Expiration of a Crucial Trade Agreement Could Change the Face of Cambodia's Top Industry," *The Cambodia Daily*, August 10–11, 2002. Ghana average monthly wage derived from Africa Labour Research Network, Ghana, available at: http://www.sarpn.org/documents/d0000883/P994-African_Social_Observatory_PilotProject_SAMM.pdf, p. 75*n*. South African average monthly wage from Global Policy Network, "Highlights of Current Labor Market Conditions in South Africa." This latter estimate is somewhat distorted, since it calculates average wages in South Africa on the basis of wages paid in all sectors of the economy and does not give an accurate figure for the most common wage. The wages paid to South African workers in the financial and government sectors are far greater than wages paid in the mining and manufacturing sectors and only a small proportion of South African employees work in finance or government employment. Further, the World Salaries database does not include figures

on agricultural wages and so tends to artificially inflate the average value of a non-OECD wage. For example, while the OWW database states that in 2003 the average monthly wage for a male worker in Brazil was US$126, according to the World Salaries database, it was US$312 in 2005. This divergence is likely due in large part to agricultural wages not being accounted for in the World Salaries database.

[2] The Inflation Calculator, available at: http://www.westegg.com/inflation

[3] Assuming that the average OECD worker works 1724 hours per year and the average non-OECD worker works around 2000 hours per year.

APPENDIX II

OECD PROFITS AND THE TRADE DEFICIT[1]

In 2010, world GDP was US$62.2 trillion, OECD GDP was US$44.5 trillion and non-OECD GDP was US$17.7 trillion. In 2008, the OECD ran a goods and services trade deficit with the rest of the world (an excess of imports over exports) of over $400 billion, 89.1% of which was held by the US and 8.3% by the UK. If we subtract the 2008 trade deficit, whereby the OECD population is able to consume without paying, from average OECD profits in 2009 (approximately US$8.4 trillion), the latter were worth approximately US$8 trillion.

[this list can also be downloaded as a PDF by clicking here]

Profits as percentage of GDP for major OECD countries in 2005	
US	14%
Canada (1995)	10%
Japan	8%
Italy	34%
Germany	23%
UK	24%
France	20%
OECD Approximate Average	19%

NOTES TO APPENDIX II

[1] Data calculated from OECD 2010; US National Income and Product Accounts http://www.bea.gov/national/nipaweb/index.asp; Li 2008, pp. 75–6; Köhler 2007, p. 40.

APPENDIX III
STRUCTURE OF WORLD MERCHANDISE TRADE, 1990–2006 (CURRENT US$, MILLIONS)[1]

VALUE OF WORLD MERCHANDISE EXPORTS (CURRENT US$)

1995 = US$5,172,060

2006 = US$12,084,582

MERCHANDISE EXPORTS TO HIGH-INCOME ECONOMIES AS % OF TOTAL MERCHANDISE EXPORTS

Low- and Middle-Income Countries (1995 Average) = 66%

Low- and Middle-Income Countries (2006 Average) = 59%

High-Income Countries (1995 Average) = 70%

High-Income Countries (2006 Average) = 78%

MERCHANDISE EXPORTS TO LOW- AND MIDDLE-INCOME ECONOMIES AS % OF TOTAL MERCHANDISE EXPORTS

Low- and Middle-Income Countries (1995 Average) = 34%

Low- and Middle-Income Countries (2006 Average) = 41%

High-Income Countries (1995 Average) = 30%

High-Income Countries (2006 Average) = 22%

VALUE OF MERCHANDISE EXPORTS BY GROUP

Low- and Middle-Income Countries (1995) = US$974,709

High-Income Countries (1995) = US$4,196,970

Low- and Middle-Income Countries (2006) = US$3,635,152

High-Income Countries (2006) = US$8,451,209

Approximate Value of Low- and Middle-Income Country Merchandise Exports to High-Income Countries

1995 = US$643,308

2006 = US$2,144,740

Approximate Value of High-Income Country Merchandise Exports to Low- and Middle-Income Countries

1995 = US$1,259,091

2006 = US$1,859,266

Agricultural raw materials, Food, Fuel, and Ores and Metals exports as % of low- and middle-income country merchandise exports[2]

1995 (Average) = 35%

2006 (Average) = 38%

Manufactures exports as % of merchandise exports of high-income countries[3]

1995 (Average) = 79%

2006 (Average) = 77%

Approximate Value of Agricultural raw materials, Food, Fuel, and Ores and Metals Exports to High-Income Countries from Low- and Middle-Income Countries

1995 = US$225,158

2006 = US$815,001

Growth rate of Value of Agricultural raw materials, Food, Fuel, and Ores and Metals Exports to High-Income Countries from Low- and Middle-Income Countries 1995–2006 = 362%

Approximate Value of Manufactures exports from the High-Income to the Low- and Middle-Income Countries

1995 = US$893,955

2006 = US$1,375,857

Growth rate of Value of Manufactures exports from the High-Income to the Low- and Middle-Income Countries 1995–2006 = 54%

[this list can also be downloaded as a PDF by clicking here]

Rate of Growth of Productivity in High-Income Countries Manufacturing, 1990 to 2007[4].

USA	44%
Australia	26%
Belgium	-25%
Canada	-78%
Denmark	30%
France	-23%

Germany	6%
Italy	-88%
Japan	11%
Netherlands	5%
Spain	-5%
Sweden	0%
United Kingdom	41%

The average growth in manufacturing productivity, the ratio between unit cost of labour and real output, in selected high-income countries (USA, Australia, Belgium,Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Spain, Sweden and the United Kingdom) increased by approximately 48% between 1995 and 2006.[5] Value-added per agricultural worker (that is, productivity in agriculture) increased by around 50% in the low- and middle-income countries between 1990 and 2003.[6]

NOTES TO APPENDIX III

[1] World Bank 2007, table 4.5, “Structure of merchandise imports,” pp. 206–208, http://siteresources.worldbank.org/DATASTATISTICS/Resources/table4_5.pdf .

[2] Agricultural raw materials comprise Standard International Trade Classification (SITC) section 2 (crude materials except fuels) excluding divisions 22, 27 (crude fertilizers and minerals excluding coal, petroleum, and precious stones), and 28 (metalliferous ores and scrap). Food comprises the commodities in SITC sections 0 (food and live animals), 1 (beverages and tobacco), and 4 (animal and vegetable oils and fats) and SITC division 22 (oil seeds, oil nuts, and oil kernels). Fuels comprise SITC section 3

(mineral fuels). Ores and metals comprise the commodities in SITC sections 27 (crude fertilizer, minerals nes); 28 (metalliferous ores, scrap); and 68 (non-ferrous metals).

[3] Manufactures comprise commodities in SITC sections 5 (chemicals), 6 (basic manufactures), 7 (machinery and transport equipment), and 8 (miscellaneous manufactured goods), excluding division 68 (non-ferrous metals).

[4] "International Comparisons of Manufacturing Productivity and Unit Labor Cost Trends, 2009," United States Bureau of Labor Statistics, Tuesday, December 21, 2010, online: http://www.bls.gov/news.release/prod4.nr0.htm

[5] United States Bureau of Labour Statistics (2010) "Output per hour in manufacturing," Tuesday, December 21, online: http://www.bls.gov/news.release/prod4.toc.htm.

[6] World Bank 2007, p. 122.

APPENDIX IV
UNEQUAL EXCHANGE AND DISTORTED CURRENCY VALUATION

The argument from unfair currency valuation suggests that the developed economies of the First World are able to purchase Third World goods and services at prices below their real value. On this model, currencies are undervalued if they are worth less than the PPP-adjusted exchange rate and overvalued if they are worth more. Unfair currency exchange ensures a huge and uncompensated transfer of value from the Third World to the First World. Establishing global PPP would significantly lower the monetary value of First World income and raise the value of Third World income.

Köhler[1] has previously estimated (by multiplying the PPP-weighted Exchange Rate Deviation Index, ERDI, between the centre and periphery by the nominal volume of centre–periphery trade and then subtracting the latter) that the magnitude of unequal exchange in 1995 was US$1.75 trillion.[2] We may update this calculation using current figures.

In 2010, nominal world GDP was US$62.2 trillion and world trade was 61% of global GDP, or US$34.2 trillion (see Table VIII and Figure II). The OECD accounted for 67% (US$25 trillion) of global exports as of 2008. Asia, Africa, Latin America, Eastern Europe and the Middle East accounted for 33% of world exports (US$13 trillion). 59.2% (US$7.7 trillion) of total non-OECD exports were to the OECD and 40.8% (US$5.3 trillion) of total non-OECD exports went to non-OECD countries. 71% (US$17.8 trillion) of total OECD exports went to OECD countries and 29% (US$7.3 trillion) of OECD exports to non-OECD countries.

In the same year, PPP-adjusted world GDP was PPPUS$69.5 trillion, PPP-adjusted OECD GDP PPPUS$39.8 trillion and PPP-adjusted non-OECD GDP PPPUS$29.7 trillion. Nominal world GDP was US$62.2 trillion, nominal OECD GDP US$44.5 trillion and nominal non-

OECD GDP US$17.7 trillion. The PPP-weighted exchange rate deviation parameter for non-OECD exports to the OECD was, then, 1.8 and the PPP-weighted exchange rate deviation parameter for OECD exports to non-OECD countries was 1.1.

We can estimate that the loss of value to the Third World by unfair currency exchange by applying Köhler's formula[3] as follows:

$$T = d \times X - X$$

Where T is the magnitude of unfair currency exchange, transfer value; d is the PPP-weighted exchange rate deviation; X is the nominal volume of centre–periphery trade and; $d \times X$ is the true value of centre–periphery trade.

By doing so we can estimate that the loss of value to the Third World by unfair currency exchange amounted to no less than US$6.9 trillion (US$6.16 trillion from undervalued exports and US$730 billion from overvalued OECD imports) in 2009—that is, the equivalent of 39% of total production in the non-OECD countries and 16% of total production in the OECD in that year.

NOTES TO APPENDIX IV

[1] Köhler 2003, p. 374. See also Köhler 1998, 1999.

[2] This figure is equivalent to approximately 12% of OECD GDP in 1995, see online: http://www.combusem.com/WORLDGDP.HTM

[3] Köhler 2003, pp. 377–391.

APPENDIX V
EGALITARIANISM AND THE LABOUR ARISTOCRACY

Egalitarianism is the belief that relations between persons and nations should tend towards equality of income and political power. Associated in modern times with the ideals of the French Revolution, for Marxists egalitarianism is normally considered a radical bourgeois ideology which is tangential to the historical reality of class struggle. Egalitarianism is alien to Marxist political economy in the sense that socialist accounting does not proceed upon any moral imperative to level all incomes but on a calculation based on value creation and distribution. First of all, Marx argues that under socialism, the principle of distribution is not one of precisely equal distribution of the social product to all citizens but, rather, "from each according to her abilities, to each according to her work performed." As such, those who contribute more value to society through their labour may expect to receive more of the social product than those who contribute less. Political considerations determined by the perceived need for particular kinds of labour may also enter into the question of income distribution in socialist society. Secondly, following an argument made by Aristotle, Marx argues that under communism—where the principle of "from each according to her ability, to each according to her needs" applies—different individuals with different aptitudes, personal characteristics and needs require particular and, therefore, potentially *unequal* distribution of the social product. Thirdly, Marxists often associate a purely egalitarian concern to alleviate poverty with reformism, arguing that capitalism cannot be transformed through a more equitable distribution of its products, since the unequal distribution of the social product follows directly from private ownership of the means of production. Unless the means of production are socialised, inequality is inevitable, no matter how sincere the attempt to create equality *at the level of consumption*. Finally, by conceiving

economics as a zero-sum game between haves and have-nots, strict egalitarianism as a kind of "theory of the production relations" (as opposed to the theory of the productive forces criticized by anti-imperialist Marxism) is opposed to historical materialism.[1] The central thrust of the latter situates class struggle within an economic system conditioned by, and in turn conditioning, the development of the productive forces.[2] Where these are maintained at a low level, the predominance of small-scale and individual units of production must tend to engender social inequalities and class divisions that may only be combated through high levels of state coercion.

Nonetheless, socialism undoubtedly aims towards conditions of *international* equality. Indeed, enduring inequality between peoples has been correctly and forcefully denounced by socialist theoreticians and politicians as a sure sign of national oppression and national exploitation, just as enduring inequality *within* socialist nations has been understood as signaling a material basis for the restoration of capitalism. As such, examining global income distribution on an egalitarian basis is by no means anathema to the socialist project.

Global Inequality: A Millennial Perspective

The development of capitalism set the stage for Western Europe's transformation from a peripheral area of the world economy (marginal to the Mediterranean region and the Islamic and Central Asian Empires) to its core region. In Europe, in contrast to the Chinese and Islamic Empires, political power was decentralised whilst manorial lords controlled the extraction and distribution of surplus product in their fiefdoms. Due to this dislocated and fragmentary political economy, feudal lords had greater need of trading surpluses for strategically vital (especially military) commodities than did the world empires of the time.[3] Moreover, by prohibiting merchants from acquiring scarce land and governmental power, the European lords of the Middle Ages forced them to invest in expanding trade and commerce. Thus European merchants soon constructed geographically

far-ranging commercial networks that could convert surpluses into commodities and commodities into money. Ultimately, although there were deep and extensive trading communities of interest in the Middle East, India and China, the development of capitalism in 16th century England proceeded on the basis of merchants being drawn into the realm of production as opposed to commerce alone.[4]

In the year 1000, per capita GDP in Western Europe ($427 *1990 International Geary-Khamis dollars*) was 6% greater than per capita GDP in Latin America ($400 *1990 International Geary-Khamis dollars*), about the same as per capita GDP in Africa ($425 *1990 International Geary-Khamis dollars*) and 9% less than per capita GDP in Asia ($470 *1990 International Geary-Khamis dollars*).[5]

The merchant bourgeoisie originally grew out of the degeneration of landed property relations (partly under the combined impact in medieval Europe of famine, pestilence, death and war alongside the class struggles of the English peasantry) and the expansion of world trade evolving from the acquisition of informal empires and trading in the needs and wants of warrior castes formed through “crusading” ventures. By 1500, after two centuries of bloody crusades had succeeded in making the Italian city-states the focal point of Mediterranean, Byzantine and Middle Eastern trade, a century of Portuguese colonisation of the Americas, extensive collaboration between Genoese business elites and the Spanish state, the historical rise of French, British and Dutch commerce, and the implementation of expansive checks on feudal property relations benefiting the nascent bourgeoisie, Europe had begun its historical take-off. In 1500, per capita GDP in Western Europe ($771 *1990 International Geary-Khamis dollars*) was 86% higher than African and Latin American per capita GDP ($414–6 *1990 International Geary-Khamis dollars*) and 36% higher than per capita Asian GDP ($568 *1990 International Geary-Khamis dollars*). However, as Li notes, “in terms of overall territorial size, aggregate wealth and surplus, and the mobilising capacity of the state, the Chinese empire was by far unmatched by a single European state, and probably, any other contemporary political structure.”[6]

Yet with capitalist colonialism, slavery, imperialism and neocolonialism propelling Europe's rise to the centre of the world economy, its ascendancy would proceed until the present day. In 1900, Western European per capita GDP ($2,885 *1990 International Geary-Khamis dollars*) was 72% less than the per capita GDP of its settler-colonial offshoots in Australia, New Zealand, Canada and the United States ($4,015 *1990 International Geary-Khamis dollars*), 259% greater than Latin America's per capita GDP ($1,113 *1990 International Geary-Khamis dollars*), 452% greater than the per capita GDP of Asia ($638 *1990 International Geary-Khamis dollars*) and 480% greater than Africa's per capita GDP ($601 *1990 International Geary-Khamis dollars*).

Global Poverty Today

These are some of the facts on global poverty today: 70% of the world's population lives in countries whose GDP per capita is below PPPUS$5,000; 14% of the world's population live in countries with a GDP per capita of PPPUS$20,000 or higher; only 4% of the world's population live in the "missing middle"—in countries with average incomes between PPPUS$8,000 and PPPUS$20,000.[7] The world average income is PPPUS$3,500 and 75% of the world's population has an income of less than the average, with over 40% of those on less than PPPUS$1,000 a year ($2.73 a day). Only 10% has more than about PPPUS$10,000 a year.

According to World Bank economists Yuri Dikhanov and Michael Ward, the developed nations provided 85% of the people in the top 10% of the world by income in 1999.[8] The income gap between the fifth of the world's people living in the richest countries and the fifth in the poorest was 74-to-1 in 1997, up from 60-to-1 in 1990 and 30-to-1 in 1960. To make the top 20% of the world by income, a person only needs to earn around US$1,830 annually. As such, we can safely assume that everyone living and working legally in the OECD is in the top 20% of the world by income. According to the World Bank the poorest 50% of the world accounted for 7.2% of all private consumption while the richest 20% were responsible for

76.6%, a ratio of nearly 27.[9] This top global quintile living in the highest income countries had or consumed:

- 86% of the world's GDP—the bottom fifth just 1%;
- 45% of all meat and fish—the bottom fifth just 5%;
- 82% of the world's export markets—the bottom fifth just 1%;
- 68% of foreign direct investment—the bottom fifth just 1%;
- 74% of the world's telephone lines—the bottom fifth 1.5%;
- 93.3% of internet users—the bottom fifth 0.2%;
- 84% of the world's paper—the bottom fifth 1.1%;
- 87% of the world's vehicles—the bottom fifth less than 1%;
- 58% of total energy—the bottom fifth just 4%.[10]

This situation has not been remedied in recent years, either.

> According to World Bank figures, the number of people living in extreme poverty (less than PPP $1 a day) fell by 25% between 1981 and 2001; and the proportion of the world's population living in extreme poverty fell by almost half, from 33% to 18%. The bad news is that if China is excluded, the number increased. And the number living on between $1 and $2 day increased so much that the world total living on less than $2 a day increased. Even according to World Bank figures, not far short of half the world's population is living on an income of less than PPP$2 a day.[11]

Moreover, World Bank poverty figures have an inherent downward bias, considering that the use of PPP conversion factors based more closely on real costs of basic needs (defined in terms of the income needed to buy enough calories and other necessities in order not to be poor) would make the number of impoverished people globally appear perhaps 25 to 40% higher.[12]

Between-country inequality is rising fast with absolute income gaps as, for example, between the top 10% of world income recipients (countries and individuals), and that of the bottom 10%, and between the top 10% and the intermediate 60%.

> China and India are reducing the absolute gap with the faltering middle-income states such as Mexico, Brazil, Russia, and Argentina, but not with the countries of North America, Western Europe, and Japan. If, as some evidence suggests, people commonly think about inequality in absolute rather than relative terms—those at the lower end feel more resentful and more inclined to migrate as absolute gaps increase, even as relative incomes become more equal—our answer to the question, "what is happening to income equality?" should not be blind to absolute gaps.[13]

Recent Growth Trends

The number of countries whose income gap (measured in GDP per capita) with the United States was enlarged between 1960 and 1999 was 51. The number of countries which reduced their income gap with the United States over that period was 45. In four countries there was no change, while the ratio of the highest to the lowest national GDP per capita has changed from 39-to-1 in 1960 to 115-to-1 in 1998, a worsening situation.[14] Wade notes how, with countries grouped into deciles by GDP per capita, the growth rate of the bottom six between 1978 and 2000 was negative or nil while the growth rate of the top 3 was substantially positive at 1.9% a year or more.[15] Since 2000, the growth rate of world output has risen to 2.3% for 2001–3 and higher for 2003–6, probably resulting from "a cyclical swing from a long period of low growth, amplified by unsustainable consumption by American consumers drawing on Japanese, German and Chinese trade surpluses, and the wealth created by asset bubbles in equities and housing."[16]

In any case, the world growth trend conceals large regional variations. Sub-Saharan African average real income today is below the level of the 1980s. Latin America's average income is about the same as during the 1980s. Eastern European growth has been very poor, while South Asia's economic growth has improved since the 1990s from a very low base, as has China's. Nonetheless, even by 2001, Asia minus China and India had reached only around 15% of the North's average income in PPP dollars:

> There are roughly 1 billion people in high-income countries; 3 billion in countries where growth rates have been substantially faster than in the high-income countries over the past two decades, though starting from very low-income levels and remaining at very low-income levels; and 2 billion where growth rates have been lower than in the high-income countries—some of them being in middle-income countries, and others in low-income countries. The large majority of developing countries are in the non-catch up category. Less than one in 10 developing countries (with more than 1 million people), sustained real GDP per capita growth of even 3% or more between 1960 and 2000.[17]

After three decades of neoliberal "development" strategies, the average income for developing countries is only around 15% that of the developed countries in PPP terms, and more like 5% in foreign exchange rate terms.[18] Indeed, the lion's share of increased world consumption in the 1990s accrued to those already in the top 10% of world income distribution. Between 1993 and 2001, 50–60% of the increase in world consumption accrued to those living on more than PPP$10,000 (1993 rates)—that is, around 10% of the world's population. For this 10%, 4 in 5 lived in the high-income countries and most of the rest in Latin America. The remaining 40–50% of the increase in world consumption accrued mainly to those living on around PPP$3,000–$6,000 of whom the majority was in the burgeoning middle class of capitalist China. Wade notes that "hardly any of

the increase accrued to those on less than PPP$1,000 a year ($2.73 a day). Most of the latter lived in South Asia, Africa, and China."[19]

It is likely that for many of those countries which have begun to close the income gap between them and the world's richest countries, internal inequality has increased. Simultaneously, rapidly increased internal inequality in places such as India and China may contribute to between-country inequality, as it encourages the kind of neoliberal dependency policies which have resulted in relative and absolute between-country inequality in recent decades.

The Consequences of Impoverishment

World agriculture produced 17% more calories per person in 2009 than it did in 1979, despite a 70% population increase.[20] This is enough to provide everyone in the world with at least 2,720 kilocalories (kcal) per person per day. Moreover, "with global grain production at a little over 300kg per person … there is more than enough to supply the 230kg per person needed for an adequate calorific intake if grain were equitably distributed."[21] Nonetheless, more people die as a result of extreme poverty than of any other cause, with very poor people unable to afford the prices of land or food determined by global capitalist oligopolies, duopolies and monopolies.[22] 40% of the world's population receives 5% of the world's income, while the richest 20% receives 75%.

Every day, almost 16,000 children die from hunger-related causes—that is, one child every five seconds. Half of the annual twelve million deaths of children under the age of five are caused by malnutrition. As of 2009, 1.02 billion people are undernourished, a sizable increase from the Food and Agriculture Organisation's 2006 estimate of 854 million people. One third of all deaths—some 18 million people a year or 50,000 per day—are due to poverty-related causes. That equals 360 million people since 1990—the majority of these being women (with women making up 70% of those living in absolute poverty and over 60% of those suffering malnutrition) and children—or a population approaching that of the US.

Almost all of these deaths occurred in “developing” countries, 80% of them in sub-Saharan Africa and South Asia, the two regions that also suffer from the highest rates of hunger and malnutrition. Most are attributed not to outright starvation but to diseases that affect vulnerable children whose bodies have been weakened by hunger. Every year, more than 20 million low-birth weight babies are born in developing countries and risk dying in infancy, while those who survive often suffer lifelong physical and cognitive disabilities. Over 146 million pre-school age children suffer from chronic or acute hunger and 18% of all hungry people are children under five years old. The result is either early death or, for those who survive longer, physical and mental stunting which affects 31% of all Third World children. A mere 12% of the world’s population uses 85% of the world’s water.

Implementing Global Egalitarianism

How would a more egalitarian distribution of global income affect the living standards of the citizens of the OECD?

Global GDP in 2010 was US$62.2 trillion. World per capita GDP hovered around $9,276 in 2008. However, not all of GDP is available for personal consumption. In 2008, 22% of global GDP was consumed in Gross Domestic Investment (GDI)—that is, investment in physical plant, machinery, stock, etc. A further 17% was used for public consumption (state construction of roads, schools, hospitals, weapons of war, etc.). That allows, then, for 61% for personal consumption.[23] According to CIA figures, per capita GDP for the OECD is US$37,083. Realistically adjusted for capital re-investment and public expenditure, the average person in the OECD can expect an income under the current chronically unequal imperialist system of US$22,621. That means that the average OECD citizen receives a personal income nearly 240% higher than he would receive under a more equitable system of international income distribution, assuming current levels of GDI and public investment remained constant.

If, on the other hand, instead of assuming an equal wage for OECD and non-OECD workers on the basis of a *leveling down* of First World income levels, we were to argue that the non-OECD wage be *raised to the same* level as that of OECD workers (and few on the left would openly oppose such an idea), the super-wages of the latter are brought into even starker relief. Emmanuel wrote:

> In 1973, the average annual wage in the USA amounted to around US$10,500. The population of the entire capitalist world at that time was about 2,600,000,000, and there was a little over 1 billion economically active. To pay all these economically active people on an American scale would require close to 11,000 billion US dollars. However, the total national income of these countries in 1973 amounted to only $2,700 billion … This means that even if the entire capitalist class was expropriated, and all profits paid out as wages and no money at all put aside for investments and public infrastructure, each labourer could only get an average pay of $2,500, no more than a quarter of the average American wage.[24]

Clearly, the disproportionate share of global wealth captured by the workers of the OECD has not become less marked since Emmanuel wrote these words. The average OECD wage in 2007 amounted to US$28,536 (see Appendix I). To pay all the workers in the world at this rate would require a global GDP of US$88.5 trillion, or US$26.3 trillion more than that in 2010. Alternatively, if, as Emmanuel hypothesises, the entire bourgeoisie were appropriated on a world scale, all profits paid out as wages and no money set aside for investments and public infrastructure, each worker would receive no more than US$20,064, or 70% of the current average OECD wage.

NOTES TO APPENDIX V

[1] Sayers 1980.

[2] Amin 2011.

[3] Wolf 1982, p. 265.

[4] Ibid., p. 267.

[5] Maddison 2001, 2008.

[6] Li 2008, p. 5.

[7] As Wade notes, however: “Talk of the ‘middle-income’ countries can be misleading, as it suggests, wrongly, that they are ‘mid-way’ between the low-income and high-income countries. In fact, the middle-income countries fall towards the low end.” (Wade 2008, p. 376)

[8] Dikhanov and Ward 2001.

[9] World Bank 2008.

[10] United Nations 1999.

[11] Wade 2008, p. 386.

[12] Reddy and Pogge 2005.

[13] Wade 2008, p. 391.

[14] Köhler 2007, pp. 13–15.

[15] Wade 2008, p. 390.

[16] Ibid., p. 377.

[17] Ibid., p. 378.

[18] Ibid.

[19] Ibid., p. 380.

[20] Much of the data in this subsection is taken from Black, Saul and Bryce (2003, pp. 2226–2234); Black et al. (2008, pp. 243–260); Bread for the World (2004, 2009); Food and Agriculture Organisation of the United Nations (2002, 2008, 2008*a*); Make Poverty History (no date); Reality of

Aid Project (2004); Reddy and Pogge (2005); Tear Fund (2003); Wade (2008); World Bank (2008, 2008*a*); and UNICEF (2008).

[21] Magdoff and Tokar 2010, p. 12.

[22] Albritton 2009. According to McMichael: “Food stocks are highly centralised—five corporations control 90 per cent of the international grain trade, three countries produce 70 percent of exported corn, and the thirty largest food retailers control one-third of world grocery sales” (McMichael 2010, p. 62). Soaring food prices harming the poorest members of the global economy are caused by rising indirect demand for grain (that is, for grain to be used to feed livestock and satisfy the world’s rising middle-class demand for meat, including that of the poor in rich countries); the diversion of grain to be used in the production of biofuels as opposed to food; intensive capitalist farming having damaged the productivity of land and caused a decline in grain output; and cuts on state development programs for rural areas, rising unemployment and rising costs of utilities (transportation, power and health services) having forced cuts in food spending and a decline in aggregate grain demand in Third World countries. Crucially, neoliberal free-trade policies encouraging the diversion of Third World agricultural production to export crops and specialized crops for internal consumption by the wealthy have meant that grain production has been badly neglected. According to the IMF and World Bank, the Third World’s grain shortfall was supposed to be met by accessing the global market for grains, dominated as it is by the United States, Canada and the European Union with Argentina and Australia as smaller players. Instead, neoliberal agricultural policies have led to a shift in the terms of trade against Third World countries producing the same or similar tropical crops and rising export production occurring at the expense of domestic consumption (Patnaik 2009).

[23] Köhler 2007, p. 40.

[24] Emmanuel 1976, p. 70.

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Clenched Fists Empty Pockets
Six working-class activists from Sweden discuss their experiences with class and middle-class hegemony in a variety of left-wing scenes and organizations. In doing so they flesh out the complexities and limits of what in Sweden is referred to as a "class journey." Dealing with more than economic realities, the authors grapple with the full gamut of cultural and social class hierarchies that are embedded in the society and the left.

The Communist Necessity: Prolegomena To Any Future Radical Theory, by J. Moufawad-Paul
A polemical interrogation of the practice of "social movementism" that has enjoyed a normative status at the centres of capitalism. More of a philosophical intervention than a historiography or political economy, *The Communist Necessity* engages in a quick and pointed manner with a variety of authors and tendencies including Alain Badiou, Jodi Dean, the Invisible Committee, Tiqqun, Théorie Communiste, and others. Moufawad-Paul argues that a refusal to recognize contemporary revolutionary movements from the 1980s to the present results in the reification of a capitalist "end of history" discourse within this movementist conceptualization of theory and practice.

Confronting Fascism: Discussion Documents for a Militant Movement, by Don Hamerquist, J. Sakai, Xtn of ARA Chicago, Mark Salotte
Breaking with established Left practice, this book attempts to deal with the questions of fascism and anti-fascism in a serious and non-dogmatic manner. Attention is paid to to the class appeal of fascism, its continuities and breaks with the "regular" far-right and also even with the Left, the ways in which the fascist movement is flexible and the ways in which it isn't. Left failures, both in opposing fascism head-on, and also in providing a viable alternative to right-wing revolt, are also dealt with at length.

Fire the Cops!, by Kristian Williams

Killer cops and cop-killers, “police as workers” and police as soldiers, copwatching and counterinsurgency operations... these subjects and more are examined in this collection of essays by veteran activist Kristian Williams. Fire the Cops! is a collection of several essays written in the decade following the publication of Our Enemies in Blue, years in which Williams was heavily involved in the Rose City Copwatch organization in Portland. This book can be read as a supplement to Our Enemies in Blue, or on its own, as a series of attempts to apply historical lessons to circumstances as they unfold.

Jailbreak out of History: the rebiography of Harriet Tubman, by Butch Lee
Crucial revisionist herstory, firmly rerooting Harriet Tubman in the context of patriarchy, race, class, and armed struggle. A fascinating, and much needed examination of the woman and her times. Her juxtaposition vis a vis the pro-American patriarch John Brown in particular is a great read. At a time when violence against women of color is at the center of world politics, uncovering the censored story of one Amazon points to answers that have nothing to do with government programs, police, or patriarchal politics.

Kuwasi Balagoon: A Soldier’s Story, by Kuwasi Balagoon with contributions by Sundiata Acoli, David Gilbert, J. Sakai, and Meg Starr
Kuwasi Balagoon was a defendant in the Panther 21 case in the late sixties, and a member of the Black Liberation Army. Captured and convicted of various crimes against the State, he spent much of the 1970s in prison, escaping twice. After each escape, he went underground and resumed BLA activity. He was captured in December 1981, charged with participating in an armoured truck expropriation in West Nyack, New York, on October 21 of that year, an action in which two police officers and a money courier were killed. Convicted and sentenced to life imprisonment, he died of pneumocystis carninii pneumonia, an AIDS-related illness, on December 13, 1986.

The Military Strategy Of Women and Children, by Butch Lee
How, in a man’s world, women can make revolutionary change? Here, Butch Lee lays out the need for an autonomous and independent women’s

revolutionary movement, a revolutionary women's culture that involves not only separating oneself from patriarchal imperialism, but also in confronting, opposing, and waging war against it by all means necessary. Of particular interest is Lee's critique of reformist "feminism", and her examination of how genocide, colonialism and patriarchy are intertwined, not only historically but also in the present.

Our Commitment Is to Our Communities: Mass Incarceration, Political Prisoners, and Building a Movement for Community-Based Justice, David Gilbert interviewed by Bob Feldman

In the 2014 Certain Days calendar, David Gilbert wrote that the "War on Crime" which began in the early 1970s was in fact a conscious government counterinsurgency strategy to decimate and disrupt Black and other people of color communities across the United States. In this pamphlet, interviewed by Bob Feldman, David uses this observation as his starting point to discuss the ongoing catastrophe that is mass incarceration, connecting it to the continued imprisonment of political prisoners and the challenges that face our movements today.

Settlers: The Mythology of the White Proletariat from Mayflower to Modern, by J. Sakai

Always controversial within the establishment Left Settlers uncovers centuries of collaboration between capitalism and white workers and their organizations, as well as their neocolonial allies, showing how the United States was designed from the ground up as a parasitic and genocidal entity. Settlers exposes the fact that America's white citizenry have never supported themselves but have always resorted to exploitation and theft, culminating in acts of genocide to maintain their culture and way of life. As recounted in painful detail by Sakai, the United States has been built on the theft of Indigenous lands and of Afrikan labor, on the robbery of the northern third of Mexico, the colonization of Puerto Rico, and the expropriation of the Asian working class, with each of these crimes being accompanied by violence.

Stand Up, Struggle Forward: New Afrikan Writings on Class, Nation and Patriarchy by Sanyika Shakur

Foreword by Yusef "Bunchy" Shakur
This collection of writings by Sanyika Shakur, formerly known as Monster Kody Scott, includes several essays written from within the infamous Pelican Bay Security Housing Unit in the period around the historic 2011 California prisoners' hunger strike, as well as two interviews conducted just before and after his release in Black August 2012.

The Urban Guerilla Concept, by The Red Army Faction
Introduction by Andre Moncourt and J. Smith
With an introduction by Andre Moncourt and J. Smith. The first major ideological text from West Germany's most famous urban guerillas. This document merits attention from anyone who wants to understand the motivation and ideology behind the beginning of a long and violent confrontation between the Red Army Faction and the German state. Apart from setting out the justification for armed struggle this text touches on: the strength of the capitalist system in West Germany; the weaknesses of the revolutionary Left; the significance of the German student movement; the meaning and importance of internationalism; the necessity for taking a revolutionary initiative; the importance of class analysis and political praxis; the failure of parliamentary democracy and how this had the inevitable consequence of political violence; the factionalism of the German Left; and the organization and logistics of setting up an illegal armed struggle.

The Worker Elite: Notes on the "Labor Aristocracy", by Bromma
Revolutionaries often say that the working class holds the key to overthrowing capitalism. But "working class" is a very broad category—so broad that it can be used to justify a whole range of political agendas. The Worker Elite: Notes on the "Labor Aristocracy" breaks it all down, criticizing opportunists who minimize the role of privilege within the working class, while also challenging simplistic Third Worldist analyses.